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Kaiser Permanente Medical Care Program Oral History Project

Clifford H. Keene, M.D.

HISTORY OF THE KAISER PERMANENTE  
MEDICAL CARE PROGRAM

An Interview Conducted by  
Sally Smith Hughes  
1985

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CLIFFORD H. KEENE, M.D.



Kaiser Permanente Medical Care Program

Interviews to be Completed in 1986

Cecil C. Cutting, M.D.

Frank C. Jones

Raymond M. Kay, M.D.

Clifford H. Keene, M.D.

George E. Link

Ernest W. Seward, M.D.

John G. Smillie, M.D.

Eugene E. Trefethen, Jr.

Avram Yedidia





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## PREFACE

### Background of the Oral History Project

The Kaiser Permanente Medical Care Program recently observed its fortieth anniversary. Today, it is the largest, one of the oldest, and certainly the most influential group practice prepayment health plan in the nation. But in 1938, when Henry J. and Edgar F. Kaiser first collaborated with Dr. Sidney Garfield to provide medical care for the construction workers on the Grand Coulee Dam project in eastern Washington, they could scarcely have envisioned that it would attain the size and have the impact on medical care in the United States that it has today.

In an effort to document and preserve the story of Kaiser Permanente's evolution through the recollections of some of its surviving pioneers, men and women who know and remember vividly the plan's origins and formative years, the Board of Directors of Kaiser Foundation Hospitals sponsored this oral history project.

In combination with already available records, the interviews serve to enrich Kaiser Permanente's history for its physicians, employees, and members, and to offer a major resource for research into the history of health care financing and delivery, and some of the forces behind the rapid and sweeping changes now underway in the health care field.

### A Synopsis of Kaiser Permanente History

There have been several milestones in the history of Kaiser Permanente. One could begin in 1933, fifty-three years ago, when young Dr. Sidney Garfield entered fee-for-service practice in the southern California desert and prepared to care for workers building the Metropolitan Water District aqueduct from the Colorado River to Los Angeles. Circumstances soon caused him to develop a prepaid approach to providing quality care in a small, well-designed hospital facility near the construction site.

The Kaisers learned of Dr. Garfield's experience in health care financing and delivery through A. B. Ordway, Henry Kaiser's first employee. When they undertook the Grand Coulee project, the Kaisers persuaded Dr. Garfield to come in 1938 to eastern Washington State, where they were managing a consortium constructing the Grand Coulee Dam. Dr. Garfield, and a handful of young doctors whom he persuaded to join him, established a prepaid health plan at the damsite, one which later included the wives and children of workers, as well as the workers themselves.



A few years later, during World War II, Dr. Garfield and his associates--some of whom had followed him from the Coulee Dam project--continued the health plan, again at the request of the Kaisers, who were now building Liberty Ships in Richmond, California, and on an island in the Columbia River between Vancouver, Washington and Portland, Oregon. They would also produce steel in Fontana, California. Eventually, in hospitals and field stations in the Richmond/Oakland communities, in the Portland, Oregon/Vancouver, Washington areas, and in Fontana, the prepaid health care program served some 200,000 shipyard and steel plant employees and their dependents.

By the time the shipyards shut down in 1945, the medical program had enough successful experience behind it to motivate Dr. Garfield, the Kaisers, and a small group of physicians to carry the health plan beyond the employees of the Kaiser companies and offer it to the community as a whole. The doctors had concluded that this form of prepaid, integrated health care was the ideal way to practice medicine. Experience had already proven the health plan's value in offering quality health care at a reasonable cost in the organization's own medical offices and hospitals. Many former shipyard employees and their families also wanted to continue receiving the same type of health care they had known during the war.

Also important were the zeal and commitment of Henry J. Kaiser and his industry associates who agreed with the doctors about the program's values, and despite the antagonism of fee-for-service medicine, were eager for the success of the venture. Indeed, they hoped it might ultimately be expanded throughout the nation. In September, 1945, The Henry J. Kaiser Company established the Permanente Health Plan, a nonprofit trust, and the medical care program was on its way.

Between 1945 and the mid-1950s, even as membership expanded in California, Oregon, and Washington, serious tensions developed between the doctors and the Kaiser-industry dominated management of the hospitals and health plan. These tensions threatened to tear the Program apart. Reduced to the simplest form, the basic question was who would control the health plan--management or the doctors. Each had a crucial role in the organization. The symbiotic relationship had to be understood and mutually accepted.

From roughly 1955 to 1958, a small group of men representing management and the doctors, after many committee meetings and much heated debate, agreed upon a medical program reorganization, including a management-medical group contract, probably then unique in the history of medicine. Accord was reached because the participants, despite strong disagreements, were dedicated to the concept of prepaid group medical practice on a self-sustained, nonprofit basis.

After several more years of testing on both sides, a strong partnership emerged among the health plan, hospitals, and physician organizations. Resting on mutual trust and a sound fiscal formula, the Program has attained a strong national identity.

### The Oral History Project

In August 1983, the office of Donald Duffy, Vice President, Public and Community Relations for Kaiser Foundation Health Plan and Hospitals, contacted Willa Baum, director of the Regional Oral History Office, about a possible oral history project with twenty to twenty-four pioneers of the Program. A year later the project was underway, funded by Kaiser Foundation Hospitals' Board of Directors.

A project advisory committee, comprised of seven persons with an interest in and knowledge of the organization's history, selected the interviewees and assisted the oral history project as needed. Donald Duffy assumed overall direction and Darlene Basmajian, his assistant, served as liaison with the Regional Oral History Office. Committee members are John Capener, Dr. Cecil Cutting, Donald Duffy, Robert J. Erickson, Scott Fleming, Dr. Paul Lairson, and Walter Palmer.

By year's end, ten pioneers had been selected and had agreed to participate in the project. They are Drs. Cecil Cutting, Sidney Garfield, Raymond Kay, Clifford Keene, Ernest Seward, and John Smillie, and Messrs. Frank Jones, George Link, Eugene Trefethen, Jr., and Avram Yedidia.

Plans to interview Dr. Garfield and Dr. Wallace Neighbor, who had been at Grand Coulee with Dr. Garfield, were sadly disrupted by their deaths, a week apart in late 1984. Fortunately, both men had been previously interviewed. Their tapes and transcripts are on file in the Central Office of the medical care program.

The advisory committee suggested 1970 as the cutoff date for research and documentation, since by that time the pioneering aspects of the organization had been completed. The Program was then expanding into other regions, and was encountering a new set of challenges such as Medicare and competition from other health maintenance organizations.

### Research

Kaiser Permanente staff and the interviewees themselves provided excellent biographical sources on each interviewee as well as published and unpublished material on the history of the Program. The collected papers of Henry J. Kaiser on deposit in The Bancroft Library were also consulted. The oral history project staff collected other Kaiser Permanente publications, and started a file of newspaper articles on current health care topics. Most of this material will be deposited in The Bancroft Library with the oral history volumes. A bibliography is attached.

To gain additional background material for the interviews, the staff talked to four Kaiser Permanente physicians, two of whom had left the program years ago: Drs. Martin Abel, Richard Geist\*, Emphraim Kahn\*, and James Smith\*.

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\*Tapes of these interviews have been deposited in the Microforms Division of The Bancroft Library.



The staff also sought advice from the academic community. James Leiby, a professor in the Department of Social Welfare at UC Berkeley and an advocate of the oral history process, suggested lines of questioning related to his special interest in the administration of and relationships within public and private social agencies. Dr. Philip R. Lee, professor of social medicine and director of the Institute for Health Policy Studies at the University of California Medical School, proposed questions concerning the impact of health maintenance organizations on medical practice in the United States.

### Organization of the Project

The Kaiser Permanente Oral History Project staff, comprised of Malca Chall, Sally Hughes, and Ora Huth, met frequently throughout 1985 to assign the interviews, plan the procedures and the time frame for research, interviewing, and editing, and to set up a master index. Interviews of the first nine pioneers took place between February and June, 1985. During the following months the transcripts of the tapes were edited, reviewed by the interviewees, typed, proofread, indexed, copied, and bound.

Other pioneers who, at the time of this writing, have agreed to participate in the project are: Drs. Morris Collen, Wallace Cook, Alice Friedman, Benjamin Lewis, Sam Packer, Bill Reimers, Harry Shragg, and David Adelson, Lambreth (Handy) Hancock, Berniece Oswald.

The entire series will be completed during 1987.

### Summary

This oral history project traces, from various individual perspectives, the evolution of the Kaiser Permanente Medical Care Program from 1938 to 1970. Each interview begins with a discussion of the individual's family background and education--those tangible and intangible forces that shaped his or her life. The conversation then shifts to the interviewee's actual participation in and observation of the significant events in the development of the health plan. Thus, the reader is treated not only to facts on the history of the Program, but to opinions about the personal qualities of the men and women--doctors, other health care professionals, lawyers, accountants, and businessmen--who, often against great odds, dedicated themselves to the development of a health care system which, without their commitment and skills, might not have resulted in the human and organizational achievement that the Kaiser Permanente Medical Care Program represents today.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to recent California history. The office is headed by Willa K. Baum and is under the administrative supervision of James D. Hart, the director of The Bancroft Library.

Malca Chall, Director  
Kaiser Permanente Medical Care Program  
Oral History Project

14 January 1986  
Regional Oral History Office  
Berkeley, California



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Author's Foreword by Clifford H. Keene, M.D.

Recall of some events of early Kaiser Permanente history is disturbing. The 1950s were a period of intensely contentious role definition between the professional and entrepreneurial components of our common enterprise. Grey heads, such as I, who participated in those struggles have long since reshaped their unpleasant memories to make living with themselves acceptable. It is a fragile adjustment.

Since my retirement in 1975, I have been approached several times about writing an account of Permanente happenings as I saw them. I have avoided doing so for several reasons, not the least of which is recognition of the great differences in the recollections among honest people who sat in the same room and participated in the same event.

On occasion I have talked to various persons about specific episodes but this is the first time I have discussed those seething days in candid detail and edited the script. I did so at the written and verbal request of my successor, Jim Vohs, who carries on so superlatively.

During this period of recount, again I found myself jolted wide awake at three in the morning with a cold sweat, agitated and staring into the darkness. It was like the old days! I prefer not to do it again.

Reading this tale with all the subjects in the first person singular is distasteful. However, my interviewer guided it that way. I was surprised at the meticulous preparation and probing skills of my historian, Dr. Sally Hughes. She came with considerable knowledge of my personal life.

If inherent bias and inadvertant inaccuracy on my part offend any of my former colleagues, please understand I hold no rancor.

Clifford H. Keene, M.D.

28 June 1985  
Pebble Beach, California



## INTERVIEW HISTORY

Clifford Henry Keene was interviewed by the Regional Oral History Office because of his position as past president and chief executive officer of Kaiser Foundation Hospitals and Health Plan (1968-1975), a position which made him the key figure in the nation's largest private health care system. These interviews, part of a series sponsored by the Kaiser Foundation Hospitals, record the career of an accomplished surgeon and administrator, and also provide insight into the growth of the Kaiser system of prepaid group medicine. The system, originally disdained by mainstream American medicine, has in recent years been accepted by the public and the medical profession as the most successful of the many burgeoning health maintenance organizations (HMOs).

Dr. Keene's career might be described as a trial by fire, one which at first he withstood on his own, later, after marriage, with the support of his cultured wife, Jean. The interviews trace Dr. Keene's rise from humble family origins to the directorship of the largest HMO in the world. The reader will learn how the difficult circumstances of Dr. Keene's economically and emotionally impoverished early life molded him for the struggles to come. His service during World War II as chief surgeon at Lovell General Hospital in Fort Devens, Massachusetts, where in his early thirties he was in charge of the largest surgical service in the United States, and his subsequent tour of duty as surgeon and medical administrator for the 24th Corps in the Pacific Theatre, provided him with extensive surgical and administrative experience.

The reader will also learn of a subtler legacy of Dr. Keene's war-time activities--his appreciation for a system of group medical practice untrammelled by the concerns of private fee-for-service medicine. As a result, when he encountered the Kaiser Permanente system of medical care after the war, he was, unlike many American physicians of the day, philosophically attuned to its conceptual basis in prepaid group medical care.

The central core of the story from the standpoint of Kaiser Permanente history will be left for Dr. Keene to tell--his initiation as surgeon on the staff of the Kaiser Hospital in Oakland in 1946, the trying yet socially satisfying years as industrial physician at the failing Kaiser-Frazer automobile plant in Detroit, his pivotal role in the reorganization and expansion of the Kaiser Permanente Medical Care Program in the 1950s and 1960s, and the satisfaction in the 1970s of finding himself and the Kaiser medical program accepted and even acclaimed by the medical profession at large.



A spare and intense man with a resounding laugh, Dr. Keene agreed somewhat apprehensively to participate in the oral history series with key participants in the Kaiser Permanente Medical Care Program. He admitted before the first interview session to having spent a restless night brought on by reluctance to relive the turmoil of his career with Kaiser, particularly the "six years of hell" from 1954 to 1960. Tension, perhaps invoked by these memories, expressed itself in his hands which were seldom at rest during the course of the interviews. At one point Dr. Keene introduced a small bronze Buddha which he had found abandoned in Korea during the war. It usually sat on his dresser where he talked to it and touched it morning and night. The Buddha, he commented, provided him with a solace which he found difficult to explain.

Warming to the occasion once the interviews were underway, he told his view of the story with enthusiasm, candor, insight, and all the accuracy he could muster. A highly organized man, a "neatness freak" as he describes himself, he supplemented each interview session with documents from his personal records and notes that he had prepared on certain topics. After completion of the interviews, he provided documents and photographs related to many aspects of his career, some of which are bound in this volume. The remainder are on deposit in The Bancroft Library.

The interviews took place at the Keenes' retirement home, "Sea Watch," in Pebble Beach, California. The setting was Dr. Keene's study whose walls are hung with photographs, certificates, and memorabilia highlighting his professional and family life. Dressed casually in slacks and sweater, he conducted a tour of the property--two acres on the ocean side of the Seventeen Mile Drive in Pebble Beach. We also visited his well-stocked wine cellar, the guesthouse, and the small building housing his correspondence and published papers.

All three of the interviews were interrupted by lunch and conversation with Mrs. Keene. On the first two occasions we ate at home in the diningroom whose immense windows overlook the fifth tee of the Del Monte Golf Course and the Monterey coastline beyond. We talked of their curious social interactions with Henry J. Kaiser, known even by those close to him as "Mr." Kaiser. "I never even thought of him as anything other than Mr. Kaiser," Dr. Keene remarked in the interviews. "If I dreamt about him, I'd call him Mr. Kaiser." They spoke of their warm friendship with Sue and Edgar Kaiser, who with their children were under Dr. Keene's medical care in Detroit. Mrs. Keene expressed regret that her husband's acceptance of an administrative position at Kaiser forced him to give up a promising career in surgery. It was also apparent that personal rebuffs in their early years with the Central Office in Oakland had left scars.

Lunch during the third session took place in the lovely setting of the Del Monte Beach and Tennis Club. It, like the Keenes' house close by, overlooks the reefs, kelp, and sea otter beds, and vast expanse of the Pacific Ocean.

The interview sessions, of more than three hours each, took place on February 23, March 30, and April 13, 1985. Before each interview, Dr. Keene received an outline of the topics suggested for discussion. The conversation followed the outline rather closely, although Dr. Keene preferred not to talk in detail of the Tahoe conference in the 1950s. He felt that the members of the medical groups to be interviewed as part of the oral history series were better able to provide a full account of that tumultuous period.

The interviews were edited lightly and then sent to Dr. Keene who painstakingly reviewed them and, in a few cases, made substantial additions to and refinements of his original statements. These and other additions made in the course of editing are enclosed in square brackets in the text. Dr. Keene, at his own instigation, also wrote an introductory statement to the interviews which is not only perceptive but also indicative of his concern for thoroughness and accuracy.

Sally Hughes  
Interviewer-Editor

10 October 1985  
Regional Oral History Office  
486 The Bancroft Library  
University of California at Berkeley





BIOGRAPHICAL INFORMATION

(Please print or write clearly)

CLIFFORD H. KEENE, M.D.  
WHITMAN LANE BOX 961  
PEBBLE BEACH, CALIFORNIA 93953  
(408 - 624-1819)

Your full name CLIFFORD HENRY KEENE

Date of birth JANUARY 28, 1910 Place of birth BUFFALO, N.Y.

Father's full name GEORGE SAMUEL KEENE

Birthplace PETROLIA, ONTARIO, CANADA

Occupation FACTORY FOREMAN

Mother's full name HENRIETTA HEDWIG YEAGER

Birthplace BUFFALO, NEW YORK

Occupation HOUSE WIFE

Where did you grow up? BUFFALO, N.Y. To age 17

Present community PEBBLE BEACH, CALIFORNIA

Education at University of Michigan - Ann Arbor  
A.B. 1931, M.D. 1934 M.S. (Surgery) 1938

Occupation(s) Physician/Surgeon 1934 → continuing  
my Medical Officer 1942 → 1946; Administrator  
Hospitals and Medical Programs 1954 → 1975  
Retired from Administration 1975 →

Special interests or activities

Writing, Speaking, Teaching re Medical  
Care Organization and Delivery



## I FAMILY BACKGROUND AND EDUCATION

[Interview 1: February 23, 1985]##

Parents, Brother and Sister

Keene: My name is Clifford Henry Keene. [spells it] I am a seventy-five-year-old man who was associated with various enterprises of the late Henry J. Kaiser from 1946 to 1980. I have been requested to discuss myself, my origins, and my associations with Kaiser for reasons of organizing an oral history.

I was born in a suburb of Buffalo, New York, on January 28, 1910. I came from a very humble family. My father was a factory foreman at best, and had migrated to the United States from Canada as a very young man. His name was George S. Keene, and he had been born on December 16, 1887, in Petrolia, Ontario, Canada, which is near Port Huron. His family, for the most part, had migrated from England, from Buckinghamshire, where they had been gardeners on the estate of Baron Rothschild.

My mother's maiden name was Yeager. [spells it] She was born Henrietta Hedwig [spells it] Yeager on July 27, 1890, in Buffalo, New York. Her antecedents were for the most part German. One part of the family had come into New York State in the late 1700s, and family lore has it that one of the men married an Indian princess. Princess probably should be in quotation marks. The Indian woman was of the Seneca tribe of the Iroquois nation, which is one of our treasured family anecdotes.

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##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 143.

Keene: The Yeagers and the Keenes, both these families, were uneducated. I think that my mother had gone as far as the eighth grade in school, which was typical of her whole family, and I don't know whether my father had completed grammar school. So that in our little family, consisting of myself, my brother George, who was born on August 21, 1912, and my sister Harriet, who was born on July 15, 1920, we were a humble family living in some of the lower class neighborhoods of Buffalo, New York.

#### Grammar School

Keene: My early schooling was at a grammar school, Public School #52 in Buffalo, New York. I was a very good student; I was always a leader. I became president of my class in the third grade, and much to my astonishment I was escorted to the front of the room by a teacher by the name of Miss Mullen [spells it], and it was announced that I was president of the class.

I graduated from Public School #52, and shortly thereafter my family moved and my mother died. My mother died on October 3, 1922, when I was twelve years old, and I believe she died from septic abortion.

#### Dissolution of the Family

Keene: Following the death of my mother, my family fell apart. My father became an alcoholic, and my brother, my sister, and I were farmed out around to different relatives and lived with various people for varying lengths of time.

Hughes: All in New York State?

Keene: All in and around Buffalo. There wasn't a great deal of long-range planning. I was living from day to day. As I said, I was always a very good student. I was interested in the activities of the church, and little community activities.

Hughes: Had your parents been religious people?

Keene: My parents were nonreligious or perhaps irreligious people.

Hughes: How did you come into the fold, so to speak?

Keene: Well, on Hawley Street in Buffalo, New York, where I lived, there was a Quaker mission across the street, and so for want of better things to do on Sunday morning I was sent to the Quaker mission, which made a great impression on me and I've always considered myself as more Quaker in outlook than any other religion, although I was baptized as a Lutheran, and of course our family was all Protestant, but mainly Lutherans.

Hughes: How about the political complexion? Was that a part of family life?

Keene: No, from what I knew they were Republicans and for no reason that I was aware of.

Hughes: But they did vote?

Keene: They did vote, yes.

Hughes: What happened to your schooling once the family broke up?

### High School Years

Keene: Well, I continued on. I went to Masten Park High School in Buffalo, New York, and with very little home life I hung around the school a great deal. I could always write and I could always talk, so these became the mainstay of activities. I was always interested in debate or declamations or in school plays. For a long while I thought I probably would be a lawyer; that is, in my fanciful moments I thought I might be a lawyer, but I doubted whether I would ever finish high school.

But I played football and became editor of the school journals and papers, and ultimately graduated with a few honors. As a matter of fact, I was given the Dartmouth Award when I graduated from high school, which was for character, leadership, and achievement, and was proclaimed the ideal boy, which surprised me and surprised my family, I must say. I graduated from high school, then, in 1927.

During the summer years I always worked. Beginning at the age of twelve I had to go to work because my family had broken up and I needed money.



Hughes: Were the relatives with whom you were staying providing anything in the way of pocket money?

Keene: Oh yes, but not too much. They were small-business people, and in the early days of high school they were having their own financial problems. While they treated me very generously and they took me into their home, I was apart from them in a sense.

Hughes: So you weren't really a son?

Keene: No, I was never considered a son. Neither did I consider myself a son.

Hughes: Who were the relatives in your particular case?

Keene: In this particular case it was a man by the name of Raymond Williams, who was married to my mother's sister, Lillian Williams. Lillian Williams was a dynamic sort of woman and positive, energetic, and sort of a character, a unique character, and she made a great impression on me. She pumped into me the business of going to school and arranged the family affairs so that I would continue at school.

Hughes: Did she then perhaps have a part in changing your mind about completing high school?

Keene: Oh yes, I completed high school, and I was surprised.

Hughes: Why?

Keene: I was surprised that I'd gotten through high school because of the family turmoil and not knowing exactly where I was going to be next month or so.

Hughes: Were you seeing your father at all?

Keene: Well, no. My father drifted off by himself, and he had very little concern after a while about how we were doing, and so my father and I became estranged. He was a stranger to me. He always thought that my continuing in school was a burden on the rest of the people around, and that I really ought to cut out the foolishness of pursuing an education and go to work someplace. So when I began to develop some ideas about culture or the beauties of literature and reading, I could find nothing in my father that I thought was reflected in what I saw in the rest of the world.

Hughes: Now, were you getting some of this from, may I call it a foster home, your relatives' home? Were they encouraging those things?

Keene: They were encouraging them, but we had no books in our house and we had very few magazines, maybe a magazine from the Eagles Fraternity Lodge or something like that, but the world of books and literature and art were completely foreign to me, except what I would get at school. But when I did get a chance to read at the library, I was an inveterate reader. I liked to read. And perhaps it gave me surcease; I was in a little world by myself. I think many children do that; you can live in that world if your own reality is not as attractive.

Hughes: Were you in touch at all with your brother and sister?

Keene: Well, my Aunt Lillian and my Uncle Raymond, the people I just mentioned, adopted my sister legally, and so she became Harriet Williams. She was of course just a young child then, and they did very well by her, and they brought her up and provided a home for her.

My brother, however, took off and for years I didn't know where he was. Even as a child younger than I, he was wandering around in places that I didn't know of. He kept closer to my father than I did. So my brother and I grew up as strangers. I'm going to see him next month, and it'll be like talking to a visitor from Uganda!

Hughes: What did he eventually do?

Keene: He became a steelworker, as we all became interested in steel or steel construction, and he did very well financially. But again, he finished grammar school and about three months of high school and then quit. So that was that.

#### Undergraduate at the University of Michigan, 1927-1931

Keene: At Masten Park High School, where I played football, a former football captain came back to see the football squad in my senior year, and he mentioned that he was at the University of Michigan. Well, I didn't know where the University of Michigan was. I had heard of Canisius College and the University of Buffalo, and of course I'd gotten an award from Dartmouth College, but I was told that Dartmouth College was a college for rich boys, and this didn't seem to fit my image. So I inquired about the University of Michigan and learned that tuition was very low there, and I applied there and was accepted.

## Vacation Jobs in the Steel Industry

Keene: Now, let me say that each summer, from the age of twelve, I had worked. I had sold papers or worked in factories doing minor tasks. Then, when I was fourteen I went to work in the steel industry as a steel construction punk, an apprentice first, [and] I did everything. As time went on I worked every summer and every holiday. For instance, if there was two days off (my family was in steel construction), I would find myself doing steel construction and then--

Hughes: Where was this?

Keene: This is all over western New York State. I became a connecter; that is, a person who gets up on the steel and puts it together. I became accustomed to being up in the air and being up high, although I was always frightened of being up in the air. I don't think anyone is not frightened when you're way up in the air and the steel moves. It's a situation that commands your respect and gets your attention, I can tell you. I earned quite good money and continued to do that until I was a sophomore in medical school.

But anyway, I went off to the University of Michigan in September 1927. I arrived in Ann Arbor, which I understood was beyond Detroit. I got off the train at the little station several days before the rest of the students and looked for a job. I got a job as dishwasher in the Fingerle Restaurants. I kept a job with the Fingerle Restaurants from then on, in which I progressed from dishwasher and became the manager of student help at Mr. Fingerle's four restaurants.

Hughes: But that still wasn't sufficient to pay for the whole tuition, was it?

Keene: No.

Hughes: Did you have savings from your summer jobs?

Keene: Sure. I was the most penurious young man you can ever imagine. I didn't do anything [extra] at all. I never took a vacation. My children and grandchildren went to camps and they go here and elsewhere, but I never did that. I don't think those of us who were brought up in that environment ever did anything like that. I saw some people playing tennis when I was about twelve, but I never played tennis. My one uncle played golf, but the [other] men in our family didn't play golf or have anything to do on weekends other than monkey around with an automobile or do chores around the house. So it was in that environment of manual work, and being responsible for almost anything that needed doing that I was brought up. May we stop there for a moment?



Hughes: Sure. [brief tape interruption]

Keene: [I was a] lonely young man at college. I think I missed an affectionate family background. I really wasn't too well prepared for college because I hadn't developed the study habits which would eventually come to me, and I didn't have the family background of study. But I did quite well in my first year in school. I got two Bs and two Cs in my first semester. I had a difficult time with inorganic chemistry. I did very well in rhetoric, and in English I got As in my second semester, and in freshman rhetoric. I lived a lonely year. I didn't go out. I went to the movies once a week or so.

Hughes: Were you living in a dormitory?

Keene: Oh no, I lived in a rooming house, and my room rent was three dollars a week. Then I worked for my meals, and had my savings from the summer, and of course if I needed some money my Aunt Lil and Uncle Ray would come up with some dollars and send them off to me, and I used to think that was great.

#### Decision to go into Medicine

Keene: My first year in school, my first year at college, as I said, was a lonely one. I thought maybe I'd like to go into medicine. By this time I was enamored of the biological sciences and zoology and the things that you take in freshman year.

Hughes: So it was because of that you were thinking of medicine?

Keene: Yes, I thought maybe I'd like that. Either that or be an English teacher. I thought Milton's Paradise Lost and Shakespeare's plays were written by beings that must have been supernatural because I could see the great beauty of those things. For a while I thought maybe I'd like to be an English teacher, but my Aunt Lil dissuaded me from that in a very forceful argument. She didn't think full-grown men went into the teaching of English or that kind of thing.

So then in my sophomore year I started organic chemistry. The first session was taught by a man by the name of Dr. Paul Scheferly, a very articulate young doctor of science. He described the benzene ring, which appealed to my sense of neatness and orderliness. I became very much interested in organic chemistry, and studied hard,

Keene: wrote the formulae, seemed to understand it. When the first class test came--there were about 300 taking this--much to my surprise I got the highest mark in the course.

And that changed my whole life, my whole perception of things scientific, and gave me a great deal of confidence that I didn't have in my first year. So I thought, "Well, if I can understand the benzene ring and organic chemistry, I can handle the rest." From then on my college was a much different experience than it had been before that. I began to develop a sense of purpose and a confidence in dealing with scientific subjects. And I must say that my speaking ability and my writing ability also improved. I developed a confidence.

So that went on into my third year. I applied for medicine in my third year. I walked across the campus and was interviewed by Dr. Frederick Novy, who was then the acting dean of the medical school. I had walked in and said, "I'd like to talk to someone about admission to the medical school," and his secretary, Miss Cummings, said, "Well, you might as well talk to the dean," which I did. This old gentleman with the wing collar and the frock coat listened to me, and asked me some questions, and said, "Yes, we'll take you into the medical school." [laughs] Which is much different than admissions these days.

Hughes: Yes, I would say.

#### Medical Student at the University of Michigan, 1930-1934

Keene: So I went into the medical school on a combined curriculum, where my first year in medicine was to count toward a bachelor of arts degree.

Hughes: Now, was that a common way of handling it?

Keene: I don't know whether it was a common way or not, but some of us did it that way, and though without much planning on my part, and perhaps just fortuitously I found myself in medicine in my senior year in college.

Hughes: Had you had basically all the components of the premed course in those previous three years?

Keene: Yes, the components that were necessary then: the requirements in zoology, a foreign language, and in mathematics, and psychology, and English of course. In later life I sometimes thought, "I wish

Keene: I had taken more history." I've heard about the courses in western civilization as given at Stanford, and thought that I should have had something like that. I knew nothing about, and still know nothing about, music, and I know nothing about astronomy. I've felt that those were neglected areas of education [in which] I would now find comfort if I had had some background in them. I've tried to correct my deficiencies in those fields.

Hughes: Tell me a little bit about what the curriculum was like in medical school in those days.

Keene: I [graduated from] medical school in the class of 1934, so I began in 1930, and I was still living in rooming houses. Then the [fortunes of the] Williams family, with whom I continued to be associated, had improved and so I was being given some money by them, but I was still doing steel work.

Hughes: Where did you have to go for that?

Keene: In and around Buffalo and in western New York State. I worked on the Attica Prison and on a number of prisons and bridges and buildings of various kinds. If my classes at Michigan would end, say, at three o'clock on one day for a semester, I would be on the train that night to try to get to work someplace in New York State the next day. And that was a very dangerous thing to do because I wasn't in the physical shape that I should have been to work around up on the steel, but that's the way it had to be.

So in my first year of medicine, like everybody else, [I was] learning a new language and being almost overwhelmed by the scope of knowledge that we were expected to encompass. [I was] exposed to gross anatomy, bacteriology, and physiology--the demands of these basic sciences were enormous.

Hughes: Were there any professors that particularly stood out?

Keene: Not then! I got along well with all my professors. I was never the brilliant, outstanding student in the class. I was always a good student. I was never number one or number two or that caliber, but I was a good student and went along, worked hard.

I became interested in a fraternity or perhaps the fraternity became interested in me. Not the outstanding fraternity, but I pledged a fraternity and then lived in a fraternity house because that was almost as cheap as living in the boarding house.

Hughes: This was not a medical fraternity?

Keene: It was a medical fraternity, Alpha Kappa Kappa.

When I got into the medical school, I stopped working for my meals. My family [was] then able to supplement me with enough monies, so that with what I could earn during my time off I was able to survive.

Hughes: How were they feeling about your medical schooling?

Keene: Well, suddenly the family became aware that I was in the medical school and that I was about to graduate. This was a new phenomenon in all my families, among all my relatives, and so everybody became interested in me, and I think very proud of me. In some strange way one of their young people was in the medical school, "He's going to be a doctor."

Hughes: This did mean something to them.

Keene: This meant something, surely.

I began to change in manner, from rather a rough young man into someone who could use the English language with proficiency and felt more comfortable with people who took a bath everyday and wore a clean shirt everyday. That was apparent to me, and I'm sure it was apparent to my family.

Hughes: Now, somewhere in here I believe you meet your wife-to-be.

Keene: Yes. In medical school, when I got into the clinical years--that is, the third and fourth years--I began to do unusually well. I had to relate to people and also became interested in surgery. It seemed that surgery was an outgrowth of the things my family did. We could do anything with our hands, and so surgery was something you did with your hands or with an extension of your hands, which is an instrument.

##

Keene: Since I was doing well in school and the future looked bright, I began to be more interested in social things.

I met my wife, who is Mildred Jean Kramer. She lived in a sorority house about three doors from my fraternity house. Occasionally, their house mother would have some fraternity boys over for tea on Sunday, which is how I met my wife[-to-be]. I was elected to the Galen Society, which is a little honorary society there at Michigan. We sold tags on the campus to raise Christmas



Keene: money for children in the hospital. In the process I became aware of Jean walking to and from school. I began to think she was the nicest young woman I had ever seen. One thing led to another, and we began dating.

In my junior year I became instrumental in organizing the first Caduceus Dance at the Univeristy of Michigan, which was a schoolwide social event. Jean and I led the Grand March. That dance still goes on at Michigan.

I fell very much in love with this pretty young woman. I visited her home in Detroit. Her home was the antithesis of my home in that it had books and art and glassware, and her mother and father talked about rulings of the Supreme Court and the origins of glassware and about different painters, which of couse was an educational experience for me. I was also impressed with the personal warmth that existed among the three of them, which was a family relationship that was new to me. I became entranced by that, and I think I fell in love with her mother too, who was then, as my wife is now, a cultured and charming woman.

I spoke to my family and Jean's family about getting married, but we were told that I had to be earning \$5000 a year before we could even think about getting married. This was in the midst of the Depression, and I doubted whether I would ever earn \$5000 a year, or at least not for a long time. In desperation we ran off and got married toward the end of my senior year, a step I never regretted, and I hope Jean hasn't either. We did get married, on March 3, 1934, and have now been married fifty-one years come next week. It's been a successful and good marriage.

Internship and Residency at University Hospital, University of Michigan, 1934-1940

Keene: I graduated, then, from the University of Michigan, well up in my class, and I was accepted at the University Hospital for my internship and residency.

Hughes: Did it ever occur to you to go anywhere else?

Keene: Yes. But I had so little money, or we had so little money, that I couldn't go elsewhere to investigate places. I was there at the University of Michigan, and when it appeared that I would get an internship at this huge university hospital, we just stayed there.

Keene: My wife was working at the health service or various places in Ann Arbor, and we had very little money. Her father paid our rent for a while, and--

Hughes: Had she finished school?

Keene: Oh yes, she had graduated. She received an AB in 1933, graduating as a French major. Incidentally, her interest in French has been a sustaining intellectual force over all these years. She still takes classes, two, three times a week, and pursues French conversation. As you notice in her parlor downstairs, she has a great deal of French literature. She speaks and writes and reads French with great facility, which I have always admired, and which has been helpful to us.

To go on, I became an intern on July 1, 1934. The house officer progression at the University of Michigan Hospital was a pyramidal one. This means that we started out with about fifteen interns interested in pursuing surgery. At the end of each year some would be dropped until at the end of four years only one or two would survive. I ultimately became the chief surgical resident in that huge hospital.

I was in the first group to try the examinations for the American Board of Surgery. You see my certificate up there on the wall. [brief tape interruption] My postgraduate training was five years in surgery and one year in pathology. I knew that an American Board of Surgery had been created in 1937 and that I would be in the group that would try the first examinations.

#### Cancer Consultant for the State of Michigan

Keene: However, in my last year at the University of Michigan, I was employed as a cancer consultant for the state of Michigan whereby I traveled all over the state and demonstrated surgical procedures for various types of malignancies, although I was still a very young man. But I had been a resident in a huge hospital, and by a resident I [mean I] was the chief house officer for a huge surgical service. So I did that for a year, and I was paid \$4200 for that year, which was an enormous amount of money.

Hughes: Why were you chosen?

Keene: Oh, I suppose I was a competent surgeon and could explain what I was doing.

Hughes: You hadn't had any particular specialization in cancer surgery?

Keene: Oh yes, that's what a university hospital is interested in, tertiary care, and so I had done more gastric resections for malignancy than I had done appendectomies. It's that sort of thing. I had seen more pernicious anemia as a house officer than I had seen influenza. A university hospital is always the referral center for a huge area, and it gets the difficult cases. So what I thought were the usual cases, were always difficult cases, and that's true now at that kind of hospital.

Hughes: Dr. Keene, obviously you are a man of ability, but do you also credit your education at the University of Michigan for some of your success?

Keene: Yes, I had excellent training. During the war I became interested in reconstruction of wounds of the abdomen. I am mentioned here five or six times in the official history of the army medical service during World War II.\* But in looking back at my career at the University of Michigan, in which the house officership was a pyramidal system, one wonders how one individual becomes noticed more than another individual.

#### A Resection of the Infant Bowel\*\*

Keene: One night in my fourth year of residency I was on call, and it was a winter night, and a newborn baby was transferred to the surgical service. It was about two days old and had intestinal obstruction. I tried to call the surgeon on call, and I could not get him, so it was necessary for me to operate on this little baby. The baby had an internal hernia with gangrene of a portion of its small bowel.

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\*John B. Coates, Jr. (ed.), Activities of Surgical Consultants, vol. 1 of Surgery in World War II (Washington, D.C.: Office of the Surgeon General, Department of the Army, 1962). Dr. Keene is mentioned on pages 173, 176, 177, 182, 183, and 606.

\*\*The following discussion of a resection of the infant bowel was moved for reasons of chronology from a later section of the interview.

Keene: In those days this was a most unusual thing. I opened the child's abdomen and resected the gangrenous part and put the bowel back together, sewed the baby up, and was convinced that the baby was about to die, and went back to my quarters. Well, the next day the baby was fine; it never missed a feeding. [The case] received a lot of notice, and I presented it at pediatric conferences and surgical conferences, here, there, and elsewhere, as an unusual case at that time for dealing with anastomosis of the bowel which [in a newborn baby is] about the size of a lead pencil.

So from that time on I think I was destined to become the chief resident there. As chief resident I dealt with many difficult cases. Then when I was in the army I further developed my interest in bowel surgery, and reconstruction of all kinds, and also in plastic procedures, orthopedic procedures, all of which were an extension of my interest in doing things with my hands. I [had been] a steelworker and it was satisfying to correct things with my hands.

#### Surgical Practice in Wyandotte, Michigan, 1940-1942

Keene: I finished at the University Hospital at the end of June 1940. We went into a practice in a small town, a suburb of Detroit called Wyandotte--Wyandotte, Michigan, which is on the Detroit River--a big industrial area then. I had been offered jobs with the Lahey Clinic in Boston and with the Lovelace Clinic in Albuquerque, New Mexico, but we didn't have enough money to get out of town. So we then went into practice in Wyandotte, and from day one I earned quite a bit of money. I did very well in practice.

#### Dr. Frederick Coller and the American Board of Surgery

Keene: During the time we were there I took the examination for the American Board of Surgery, which was in February, 1941. In 1940 I had taken the written examination for the American Board of Surgery.

Hughes: Now, you were unusual, were you not? Most surgeons in that day and age were not board-certified.



Keene: Right. Let me tell you a little bit about that. My teacher was Dr. Frederick Collier, whose picture is right there. He was one of the founders of the American Board of Surgery, and a very fine person, an excellent teacher, and he, if any man, made a great impression on me. He just announced that all his residents were going to take the examinations for the American Board of Surgery.

At the start, 450 doctors in the United States were chosen as the founding group. They became founders of the American Board of Surgery. After that everyone else had to take the examination. I was in the first group, and I passed those examinations, and when I was certified I was then the youngest certified surgeon in the United States. My certificate number is 504.

Hughes: Did that make a difference in your practice, do you think?

Keene: Oh sure, it made a difference in my whole life, and I'll talk about that as we go along. During the war years, the board was a tremendous door opener and career opener. Shortly after I passed the American Board of Surgery, I became a member of the American College of Surgeons, and so at that time I had all the certificates that a young man could hang on the wall.

We were in Wyandotte, then, and I was doing surgery, doing anything that needed to be done.

Hughes: Now, why had you chosen that particular town?

Keene: Because I needed money, and they needed a surgeon in my mind, and because it was a bustling industrial community. It was not a very attractive place to live, and we were really never happy there in a social sense. I was successful in a professional sense.

## II ARMY SURGEON DURING WORLD WAR II

Keene: We weren't there very long when along came December 7, 1941--which was Sunday, as you know--and I was working in my office, working on books and patients' records, and a man down the hall in another office began to shout. He came running down and said that I should turn on the little radio I had, we were under attack. So I listened to that, called my wife, and went home, and we knew right then and there that I would be going to war. Why was that? Because I was just a young, well-trained man who had not yet become an integral part of a community.

Hughes: How did that make you feel?

Keene: Well, I don't know. My wife and I didn't enjoy the prospect. No one enjoys the prospect of going off to war, and we didn't enjoy the prospect of separation, but the inevitability of it I accepted. I could see the logic and the reasoning why a young man such as myself would go off to war. I couldn't see any reason why I should think that I should stay home when everybody else was going to war or would be called, although I was just thirty-one or thirty-two years old and I had two little children. Why, I accepted the matter, and my wife did too, that I should go to war.

Chief Surgeon, Lovell General Hospital, Fort Devens, Massachusetts

Keene: At Wyandotte I immediately got in contact with the authorities. All sorts of draft boards were set up, and in due course I was accepted into the army very quickly. I reported at Fort Devens, Massachusetts, Lovell General Hospital, on April 15, 1942, as a captain in the medical corps.

Hughes: Was that just a standard rank for someone--

Keene: Well, it was a standard rank for a young man with considerable training. Later, if you were a certified surgeon, you came in with the rank of major, but in those early days I came in with the rank of captain.

I reported at Fort Devens, Massachusetts, and was assigned as assistant ward officer on the officers' ward, and very quickly I became the ward officer on general surgery, and then head of general surgery. Since I was just recently out of my residency I could do skin grafting and many cosmetic procedures, and I was a very skillful abdominal surgeon.

So, believe it or not, in the next two and a half years, Lovell General Hospital became a surgical hospital, completely, and I became the chief of surgery. I was promoted to a major, and then a lieutenant colonel. I was given the whole surgical service and had 5000 surgical patients under my care. I was only thirty-three years old, and I had the biggest surgical service in the United States.

Hughes: Where were these patients coming from?

Keene: North Africa. Do you recall the battles of [Field Marshall Erwin] Rommel and famous battles such as the Casserine Pass? I had a great many German prisoners brought in too. It was a very exciting time for a young man. I was under constant surveillance by people from all parts of the army and the Army Medical Corps as to what I was doing with our many cases of severe abdominal wounds.\* [brief tape interruption]

My time at Lovell General Hospital was an excellent time. I was in the army for four years. I must say that I always had a good job; I was treated very well by my superiors; I was given a great deal of responsibility and received commendations of various kinds and advanced more rapidly than other young doctors.

Hughes: Were you operating at a furious rate?

Keene: Oh yes. I would operate most of the day. But on one or two days I didn't operate at all because then a very peculiar thing happened.

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\*Discussion of a resection of the infant bowel moved to p. 13.

### The Surgical Replacement Depot

Keene: It was necessary for the army, which was expanding at a great rate then, to evaluate men who came into the medical corps. Many men said that they were surgeons--everybody liked to think that he was a surgeon--but the army had to determine whether in fact the man was a surgeon as he claimed to be.

Prospective surgeons were assigned to replacement depots. The staff of the hospital where there were replacement depots would evaluate a man for a period of a month or more. The man would go on rounds; he would see patients, work patients up, and then work with the staff surgeons. Only after a medical officer had demonstrated that he was a competent surgeon, would he be permitted to do surgery.

Lovell General Hospital soon had a very large surgical replacement depot, in which we evaluated men from all over the United States as to their competency in surgery. As the chief of surgery, I had the final responsibility of deciding whether a man could or could not do surgery. If you turned a man loose in a field hospital where he had to take care of major wounds, he might be all by himself, and we wanted to make sure that he could handle that situation.

Hughes: Now, were there other places where this evaluation was going on as well?

Keene: Yes, there were other places where they would evaluate competence on internal medicine or x rays or whatever the chief specialty of the place happened to be. I think there were about two places in the United States where they were evaluating men as chief surgeons, and one of them was Lovell General Hospital.

### An Early Introduction to the Kaiser Permanente Health Care Program

Keene. In late 1943, one night at the officers' club at Lovell General Hospital I went up to the bar to get two drinks, one for me and one for my wife, who was sitting at a table. A man said to me, "Colonel, what are you going to do after the war?" I turned and recognized a captain who was in the replacement depot, a man with a mustache, a very nice-looking fellow, from California.

Keene: I said, "I really don't know. I never thought about [after] the war and what's going to happen. I think it'll be a long while before it gets over, and when it's over, why, I'll decide then what to do." I said to him, "Why do you ask?" He said, "Did you ever hear of a fellow by the name of Henry J. Kaiser?" And I said, "You mean the fellow out on the West Coast that builds the ships?" He said, "Yes. I've just come from there. I've been working as a medical man in his shipyards near Oakland. He and a fellow by the name of Garfield are trying to put together a medical program, and they're having problems. He sure could use a stemwinder like you are."

So I said, "Well, I don't know much about that," and walked away. But I never forgot that conversation, and I never saw that man again.

Hughes: You don't remember who he was.

Keene: I don't remember who he was. When I first went to Permanente in Oakland in 1946 and talked to people about this incident, they recalled a man like that who had worked there, but weren't sure of his name. But anyway, this happened at an officers' club, one of those ships-pass-in-the-night sort of thing.

Hughes: And this was late 1943?

Keene: Nineteen forty-three. Mr. Kaiser had been in the papers for various reasons.

#### Surgical and Medical Administrator, 24th Corps, Pacific Theatre

Keene: Well, anyway, I continued on at Fort Devens until the latter part of 1944, and then I was shipped out. One day I asked, "How come I'm still here in a stateside hospital?" I was told that since I was running a major surgical service, it was not likely that I would be shifted, but within two days I was out on my way to the Pacific.

I was transferred to Fort Ord, right here [near Monterey, California], for staging. Then I was assigned as surgeon for the 311th General Hospital and a group of general hospitals that was going to set up someplace in the Orient.

While I was here at Fort Ord, my wife came out to be with me, and we became enamored of California. In the few weeks that we were together before I shipped out, we toured around; we saw this Carmel



Keene: area; we saw San Francisco. As she told you downstairs, we made a little vow that if I survived the war we'd try to live in California someday. We dreamed of having a home in San Francisco and another one in this Monterey area, and while those were the dreams of young people, they came true.

Anyway, from Fort Ord I was shipped out to New Guinea. I was in New Guinea for a while, at two places, at Finschhafen and Hollandia in the jungle, and lived in a tent. I did surgery as an ancillary to two field hospitals. Then, suddenly, a convoy was formed off the north coast of New Guinea. We were put on ships during one night. The next morning when dawn came, the whole sea was covered with ships, which was one of the most moving sights I have ever seen in my life. Here we were just offshore of a jungle island and the ocean was filled with ships with troops and personnel and material that had been gathering in various parts of the world for over a year, and all brought together during one night.

Anyway, this convoy went then to the northwest, and after some weeks, we were near the Philippines. That [was] when [General Douglas] MacArthur had returned to the Philippines and the Philippine battle was going on. So I, with a group, landed on the island of Luzon, on southern Luzon, and I very quickly became attached to a field hospital in which we were involved in the campaign at Tagaytay [spells it] Ridge. You've seen the pictures M\*A\*S\*H\*? Well, that kind of hospital, that's what we had for a long period of time, and that was my first exposure to actual combat. Only a person who has been in real combat realizes how frightened you can get.

After about a month I was sent back to the group of hospitals to which I had originally been assigned, on the north side of Manila. There were about four general hospitals being set up there. This was in preparation for cleaning up the Philippines, and then getting ready for the Olympic operation, which was the invasion of Japan. Again I became the chief surgeon for a big hospital, and then consultant for, oh, about four other hospitals.

Hughes: How did the army grade medical officers?

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Keene: All medical officers had professional grades of A, B or C. You also had an administrative grade of A, B or C. A grade of C indicated a competent general officer who could manage a ward. A classification of B indicated that you were a specialist and could run a service. I had entered the army with a B classification in surgery.

Keene: In the Philippine operations I found myself doing head injuries, chest injuries, any kind of injury, which used to just frighten the dickens out of me because I was not a trained neurosurgeon, not a trained chest surgeon. But I was the person on the job, and I was in charge, and so I had to do them. I didn't have any books, any references; I was by myself. You didn't carry a library along. I couldn't look up anatomy, and I couldn't look up to see what had been done at the Massachusetts General Hospital.

Hughes: There was nobody else with any surgical training?

Keene: Oh yes, there were men with plenty of surgical training, but they were scattered around. We had a surgical consultant, a professor from Yale, Ashley Otterson, but he was always elsewhere. I suppose that I was considered to be self-sufficient, and I wasn't visited very often. The combat went on and men were wounded, needed blood and they needed repair. I did well, and, again, was treated well.

On August 6, 1945 we were stunned by the radio announcement that an atomic bomb had been dropped on Hiroshima. It was hard to believe.

Hughes: That was your first inkling.

Keene: Yes. Although I'd been in the army then three and a half years, I had never heard of the Manhattan Project, and all I could think of was, "Thank, God, I hope that ends the war." As a peculiar little incident, two nights later, while I was sleeping in my tent, an ammunition dump down the road was infiltrated by guerrillas and blown up. I thought an atomic bomb had been dropped on our area because when an ammunition dump goes up, a tremendous explosion is created and it continues on and on. I thought, "Jesus, I'm done for."

But anyway, that didn't happen. Well, now comes the point. When the bomb was dropped and the war looked to be over, I began to worry, "How am I going to earn a living?" The conversation that I had had a year before with the captain at Fort Devens, Massachusetts, was called to mind. Also I had read articles in the Reader's Digest about Mr. Kaiser changing the doctors and reshaping medicine, and had seen what Paul de Kruif had written about Mr. Henry Kaiser. I was more aware of Mr. Kaiser than I had been when the captain spoke to me.



# A Letter to Henry Kaiser

Keene: In September 1945 I wrote a letter to Mr. Kaiser from the Philippines, asking if he would be interested in a doctor with my experience.  
[brief tape interruption]

Hughes: Dr. Keene, was it a given that you would write to Mr. Kaiser, rather than, for example, to Dr. Garfield for a position?

Keene: Well, I was only aware of Mr. Kaiser. If Dr. Garfield's name had been mentioned, it was in a lesser sense than Mr. Kaiser. All the articles that I read talked about Mr. Kaiser's effort. This letter dated September 21, 1945, from the Philippines, was stimulated by a conversation with a captain at Fort Devens, Massachusetts, a year and a half prior to that time.

In the letter I had given my home address because my wife had returned to Detroit. Sid Garfield replied on October 11, to my home address. My wife in turn sent me his letter on to me. Sid said that they would be interested in talking to me.

Hughes: Were you at all aware of the controversy that this medical program was likely to arouse? Perhaps that hadn't been true during the war, when it was seen as a necessary thing, but as soon as the war was over, most of the doctors who had been engaged in the shipyard program went back to private practice.

Keene: Well, at the time I was out of the country, and the war was just over, so that the great controversy had not yet arisen. Also, please understand that I was a product of long training in a hospital, where I was working as part of a group. I saw patients everyday without a fee-for-service basis. I had been in the army four years, and had been doing what I considered superb medicine, superb surgery, without the stimulus of a private fee. I had been associated with men in the army, whom I thought were superb surgeons and wonderful doctors who also were not working for a fee. We just happened to be working and doing the best that could be done under the circumstances. If there was to be controversy, I wasn't going to be shocked by controversy over fees.

I liked the idea of working in an organization. I'm an organized neatness freak, and I feel very comfortable as part of a team. I liked the army very much, and considered staying in the army as a career officer.

Keene: But on September 22, 1945, I got orders to proceed to Korea as service corps surgeon for the Twenty-fourth Corps. Thus it was that the day after I wrote to Mr. Kaiser I found myself trying to go to Korea. In all truth, I didn't know where Korea was, and I didn't have a map. I went to the Clark Airfield just outside of Manila and saw the officers for the Air Transport Command and said, "I want to go to Korea. Here's my orders." At first no one was sure where Korea was. I really thought it was in Southeast Asia, rather than up north of the Philippines.

In twenty-four hours I was on my way, first to Okinawa, and then I found myself in Japan wandering around for a week trying to find somebody that knew how to get me to Korea. I was trying to get to a place named Seoul, which the Japanese called Keijo. Near the end of September, riding a transport plane carrying airplane fuel, I landed at the Kimpo airport outside Seoul.

At headquarters in Seoul, I saluted Lieutenant General G.X. Cheves. He looked at me and said, "What do you know about establishing hospitals?" He said, "Well, you're going to be running a big system of hospitals here." "Fine." I was to coordinate the establishment of military hospitals in Korea and its adjacent islands. I can tell you I was not too well qualified for that job.

Hughes: Why had you been assigned that job, I wonder?

Keene: Things are done by numbers and by routine in the army. I'll tell you why I was given that assignment. Unbeknownst to me in Manila, my surgical classification in the army was changed to A, that is, top-ranked surgeon, highest quality, able to be consultant for a whole theater. Also, later, I was given an administrative rank A, which would qualify me as medical officer for a whole corps or even a whole army. I didn't know that. By this time I had accumulated a heck of a lot of points. In my mind I should have gone home.

Before I left Manila I went to the personnel office at Base X and wanted to know why I wasn't going home. They said, "Well, because of your classification." I said, "What classification?" So they showed me. [sorts through folder] Somewhere in here there is a copy of my classifications as administrative A and surgery A. If you had those classifications, the point system didn't apply. You were released only at the convenience of the Secretary of War.

## Return to the United States

Keene: Anyway, I found myself then in Korea, going about the business of locating hospitals during the fall and winter of 1945-46. In early 1946 when I did get released, I got in touch with Dr. Garfield. I came back to the United States by flying from Korea to Japan, from Japan to Guam to Honolulu. Incidentally, Honolulu looked like paradise.

There I was bumped off the plane by a group of Japanese going to the United States to conclude some kind of treaty. I was put on the aircraft carrier Saratoga and brought into Camp Stoneman, up on the Carquinez Straits. I arrived near midnight, and since I was the highest-ranking officer in the little group, I was last in line to get food. All I wanted was a glass of milk. When I got to the counter, there wasn't any milk! I almost cried. [laughter]

And then I wanted to call my wife at home in Detroit, but when I got to the telephone I was disturbed and couldn't make the telephone work. So here it is 11:00 or 11:30 p.m. and I found a Red Cross worker, and I confessed to her that I couldn't work the telephone. She looked at my combat boots and smiled. Anyway, she came, put in the call and I talked to my wife.

Hughes: Did your wife know that you were coming home?

Keene: Oh yes. She knew I was coming but didn't know where I would be. I said I was in a place called Camp Stoneman, California. "Where is that?" "Well, I don't know, but that's where I am." It was a very emotional occasion. I cried.

### III SURGEON IN THE KAISER ORGANIZATION, 1946-1953

Keene: After I finished talking to my wife, I couldn't sleep, and I wandered around and I asked, "Say, is there an Oakland near here?" "Yes, sure, not too far." And I said, "There's a hospital on MacArthur Boulevard, called the Permanente, I'd like to go there." I didn't sleep much that night. Early the next morning, I got on a bus and went to the Kaiser Hospital at the corner of Broadway and MacArthur. I arrived there, oh, about 7:30 a.m. or so. I sat outside on that little stone ledge. It was the first time I wore my campaign ribbons. I was wearing a khaki uniform that had been washed out in a rice paddy, and I had an odor. My skin and eyes were a deep yellow color from atabrine, and I had lost a great deal of weight. I was a changed individual.

#### Surgeon at Permanente Hospital, Oakland, 1946

Keene: About 9:30 a.m. or so, Dr. Garfield arrived and talked to me. I remember his questions. He asked me, if I could do much surgery [laughing]. I said, yes, I could do almost any kind of surgery that he might think of being done.

Then he told me that the Kaisers were contemplating establishing an automobile plant back in Michigan, and I might be useful there. I said, "Well, that doesn't interest me as much as working someplace in California." He replied, "Well, you go back to Detroit--we're interested in you--and visit your family, and then contact the people at Willow Run where we're going to put an automobile plant, and see what they might think of you."

Hughes: What were your first impressions of Dr. Garfield? How did you relate to him?



Keene: I must jump ahead in time to substantiate what I'm going to talk about now. Suffice it to say that I did go to Willow Run and received a favorable answer but because they wouldn't be ready for me to begin until April, I returned to Permanente in Oakland in mid-February. Ostensibly I was there to learn and be evaluated. Almost immediately I became involved in Dr. Garfield's troubles with the medical authorities, and the [California] State Board of Medical [Examiners] charged me with practicing without a license.\* Because of legal matters which followed I kept meticulous records of all events. I have those records here at hand.

So here [reading], "On January 3, 1946, I arrived at Camp Stoneman aboard an army transport." (Camp Stoneman is about thirty miles north and east of San Francisco.) "Early on the morning of January 4, 1946, I went to the Permanente Hospital at Oakland and met Dr. Garfield. He told me about the Willow Run Project, which was to be a new automobile company put together by Mr. Kaiser. He also mentioned the possibility that an opening might exist on the surgical staff at Permanente Oakland. I told him that I did not have a California license. However, Dr. Garfield was of the opinion that my lack of a license would make no difference in that I could serve as a resident in surgery until my license was obtained. Dr. Garfield said that he would look into the matter of a position at Willow Run and inform me about the next step at my home in Detroit."

"On January 5, 1946, I left Camp Stoneman for Fort Sheridan, Illinois, where I arrived on January 9, 1946, and on January 11, 1946, I was relieved from active duty in the army."

#### Impressions of Sidney Garfield and other Kaiser Doctors

Keene: My first meeting with Sid Garfield was on January 4, 1946, and Sid at that time was almost forty years old. He was a well dressed, red-headed slim man, very well groomed, and soft-spoken in a disarming way. He was quite charming. I liked Sid when I first met him. He talked about prepaid medical care, all of which were new things to me, new concepts, and I really didn't understand them very well. As a matter of fact, I didn't have too much incentive to try to understand them because I was interested in doing surgery and working in an operating room, which was my kind of environment, and if I was going to be paid a salary, why, fiscal matters didn't mean too much to me.

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\*Garfield v. Board of Medical Examiners (1950)

Keene: But Sid did make a good impression on me at that time, and I remember his secretary, Sally Bolotin [spells it], who seemed to be a very competent person. I met a Dr. [Paul] Fitzgibbon, and I met Dr. [Cecil] Cutting, and all impressed me as sincere, capable people, the kind that I would expect to see around a large hospital. So my first impressions were good.

Hughes: Was there any discussion of surgical matters?

Keene: Well, there was only a discussion of what kind of experiences I had had in surgery, which I had summarized in my first letter to Mr. Kaiser. I believe that I did talk to some of their surgeons in the dining room, and they perhaps were trying to find out whether I really in fact had done as much as I said. But after you talk about surgery to a surgeon--and especially if you are a surgeon--you very quickly realize whether he is telling the truth or not, because surgery is a very meticulous thing and concepts are precise, and it would be pretty hard to conceal to another competent surgeon gross incompetency on your part.

Hughes: Now, was your impression of the other surgeons that you met that they were competent?

Keene: My impressions were that they were very competent. I don't know when I met Dr. Morris Collen, whether it was then or whether it was at another time, but my impression of Dr. Collen was that he was a superbly trained young doctor, an expert in internal medicine. The clinical people that I came into contact with at the Permanente Hospital then and in the short time later when I returned [were] of great clinical competence.

#### The Medical Program in 1946

Hughes: Now, the hospital itself, was it a facility comparable to those that you had been dealing with prior to that time?

Keene: Well, the hospital in itself was not like a university hospital. It was a newly built or newly remodeled older hospital, but had all the requirements, all the basics were there. After four years in the army and after several years of operating in a tent-- [laughter]

Hughes: It looked good.

- Keene: [laughing] Yes. Anyplace where there weren't any mosquitoes, I thought was pretty good. [more laughter] Especially if they had running water.
- Hughes: Now, what about staffing problems, because my understanding is that after the war was over, there was a tremendous exodus of the medical and surgical staff back to private practice.
- Keene: Yes, during this period there was undoubtedly a great readjustment because the shipyards had closed causing the number of patients to diminish a great deal. With the war being over, many of the doctors went here, there, and elsewhere. The people with whom I came in contact were the people that were going to form the nucleus of the Permanente Medical Group and stay on.
- Hughes: Do you have any idea why a man such as Cutting, who doubtless could have done quite well in private practice as a surgeon, elected to stay on?
- Keene: Well, I think he was caught up in the same sort of thing that I ultimately became caught up in. The Kaiser organizations, in the forties and the early fifties, engendered a close personal relationship among its employees. So that Sid and Cecil Cutting had this close relationship, and of course Millie Cutting, Cecil's wife, was a nurse, and she was involved in everything. You used the term [off tape] "Dr. Garfield's girls." She was one of those. She was involved in a very valuable way in the social and nonprofessional services of the hospital. Millie was always around, and there were several who seemed to be like that. They didn't have children at the time, and the hospital was their life. They were just nice, capable people, all involved in trying to make the thing go.
- Hughes: So there wasn't at that point a crying need to bring new medical blood in because the membership just didn't demand it.
- Keene: Well, I can't comment on that because I wasn't privy to that information. But I do recall there was a surgeon there whose name began with "H", Hemsley or something of that sort, who was the chief of the surgical service. He was going to leave, which would create an opening and I might have been a possible candidate for that job. I don't know that, but Dr. Garfield did tell me that there was a possibility that I could be on the Oakland staff. But more than that he wanted me to pursue the opening at Willow Run. He talked about me being at Willow Run as the head doctor. Then he said, "And perhaps you could set up a health plan there."



Keene: Well, I didn't know anything about a health plan, much less setting up a health plan at that time. My primary interest was to get a job and get to a situation where I was going to establish a home for my wife and family, because they were living in Detroit with my mother-in-law and father-in-law, and bless them for permitting that. I wanted to get reestablished. After an absence of four years I was sure that all the good places in the United States were taken by men who hadn't gone off to war, and that I might find a little problem like other service people in finding a place to put my roots down.

Hughes: Now, was the salary that Kaiser offered comparable to what you might expect to get in private practice?

Keene: I wasn't offered any specific salary at that time. We were just talking about a job in abstract. I don't recall ever talking about the money. I wanted a job, and when and if a job came up, we'd talk about the money.

So anyway, after that first meeting with Sid, I went back to Detroit, reunited with my wife and family. I did go over to Willow Run to meet with Mr. Clay Bedford, who is still alive. He was the top man on the spot right then. Clay was an impressive, forceful, astute executive who didn't have too much to talk to me about, because he had many problems other than setting up the medical department. He said that he would rather I deal with Dr. Garfield until he got some more information from the Oakland office. I then got into trouble.

The State Board of Medical Examiners and the Charge of Practicing Medicine without a License ##

Keene: As I mentioned before, at the direction of Dr. Garfield I returned to Oakland, ostensibly in the status of a resident, which seemed preposterous to me. An agent of the State Board of Medical Examiners named Joseph Williams prowled the halls of the Permanente Hospital. He spotted me as soon as I arrived.

Hughes: Now, how did he track you down do you suppose?

Keene: Sidney was under attack even then by organized medicine because he and Mr. Kaiser decided to offer their wartime medical plan, which ended in September, 1945, to the general public, and it was four or five months along. I don't know whether he had had any run-ins with

Keene: the State Board of Medical Examiners prior to that time, but there was an existing antagonism between him and the board. Although I had carefully pointed out to Sid that I had no California license, he had reassured me in writing, which I have here, that that would make no difference. He said that I could work as a resident until I did get my license. But it ended up where I was charged. A fellow by the name of Joseph Murphy, an obstetrician and gynecologist who was just out of the army too, [was] charged with practicing medicine without a license. Sid was accused of employing unlicensed physicians and so forth, and it turned out to be quite a case.

I worked at the Oakland Hospital from February 11 until April 8 when I returned to Willow Run to begin my assignment there. Regardless of trouble, I wanted to obtain a California license and returned to California to take the examinations in San Francisco on June 8 and 9, 1946. I was given the most difficult examination I've ever taken, by a special group of two men in an office by myself.

Hughes: Do you remember who the two men were?

Keene: Oh yes, I have that all documented. I have their names and the questions they asked me, which were of tremendous complexity.

Hughes: These were surgeons in private practice in the Bay Area?

Keene: One was Dr. Herbert Chapman of Stockton and the other was Dr. Joseph Zeiler of Los Angeles. They didn't think well of Sidney Garfield and they didn't think well of what he was trying to do. I believed they were determined that I would fail. But I didn't fail, and I was given a license, because I did pass the examination. They'd ask me a question and I'd write it down and then I'd give them an answer, because I realized that I was being examined by a hostile board of examiners.

Hughes: Now, was this your first real taste of--

Keene: Of Kaiser! [laughter]

Hughes: And you didn't anticipate any of this?

Keene: No, no, no. Well, I was surprised and dumbfounded to begin with, but this was my initiation into the battle between Sid and the rest of the medical world.

Hughes: Garfield had given you no preparation that any of this might occur.

Keene: No, he had assured me and written by telegram that my lack of a California license would be no problem at all.

Hughes: He hadn't clued you in that there might be hostility from this examining group?

Keene: Well, I don't recall that he said so in so many words, but certainly anybody who would be around that hospital for more than an hour was aware of it. I was aware that things were not all right. But I listened to what Sid was trying to do and I couldn't see [that] what they were trying to do, that is, deliver medical care on an organized basis, was any different than my army service or my service as house officer in a large hospital. And I was used to being around industry from my family background, so I guess I wasn't any babe in the woods, let us say, and I wasn't any naive person being led astray. I could see what was happening, but for some reason or other it didn't put me off. I wasn't going to be just repelled by somebody's opinion.

Hughes: Well, tell me how the case proceeded.

Keene: Well, after being charged, I went back to Detroit, and resumed work at Willow Run as the medical director.

Hughes: Was the case still unresolved?

Keene: Sure, sure. Maybe I ought to clarify some aspects of those early relations. When I first met Sid in January 1946, he just mentioned the possibility of a staff position in Oakland or the position at Willow Run. My service at the Oakland Hospital in February and March was a trial run for both of us. Nothing was decided about Keene until April.

During February and March I worked in the surgical department doing anything and everything that I was asked to do. I didn't see any difference in the treatment of those patients compared with any other patients. That's when I met the rest of the doctors. I thought they were good doctors, and I fitted right in; I spoke their language and ate the same food. While I was there alone I lived as a house officer. I slept in the cast room on a cot. So I was immersed in the same sort of thing that I did in the army, did as a house officer, and was young and full of vim, vigor, and ambition.

Medical Director for Kaiser-Frazer Corporation, Willow Run,  
Michigan, 1946-1953

- Keene: Then one day Sidney called me in--incidentally, during those early years everybody was an employee of Sidney R. Garfield, which we'll come to--and he said that they thought well of my ability and they'd like me to go back to Willow Run and start a medical department there.
- Hughes: Why were they so anxious for you to go to Willow Run rather than stay?
- Keene: Because they were starting a new automobile industry there, and that's where the major Kaiser effort was to be. Edgar Kaiser, the heir to the Kaiser empire, was going to run it. They wanted to set up a strong medical department and maybe even put a health plan there. I had a Michigan license and appeared capable. So that's why they were talking to me. Well, I was interested in being the head doctor there.
- Anyway, I went back [to Willow Run] and they were going to pay me \$10,000 a year, which, while it wasn't the greatest salary in the world, was more than I'd ever earned before. So back I went. I then went in to see Mr. Bedford again, and he said, "Oh, you're back again, hey? Well, there's a hospital down in the corner of the plant, and I think there's a nurse working down there. That's where you work. And as for what you do, you go down there and decide what you're going to do." That was my introduction and my job description. I went down in the plant and found this nurse, and she and I talked and I went to work to put together a medical department for that big place. And since putting together medical departments was old hat to me, why, away we went.
- Hughes: Did you have free license to buy whatever you needed?
- Keene: Oh no. Again, they treated me very well. This had been the Ford bomber plant during the war years. It had a superb hospital on the ground level and it was well equipped, and the Kaiser people were inclined toward medicine. That attitude came right down from Mr. Henry Kaiser, although I hadn't met him. I hadn't met anybody whose name was Kaiser by this time.

I reported to a man by the name of Jack Murray, who was in industrial relations. He had been at one of the dams or the shipyards. He was an old Kaiser man who took me under his wing and told me what he thought needed doing in the matter of examination of employees,



Keene: taking care of job injuries. I established relationships with the local hospital, insurance companies, and everybody else. It took me a little while, but we were off and running and doing very well.

Hughes: Now, this is still early 1946?

Keene: This is still 1946.

Let's see I was given a license to practice medicine in the state of California on the fifteenth of July, 1946. So I had passed the examination. Occasionally while I was at Willow Run I would be asked to come out to California, bring my family, stay in the old Piedmont Hotel, which became the nursing school, while Cecil or [A. LaMont] Baritell or another surgeon went on vacation. I would fill in for the vacationing surgeon.

Hughes: This was while you were still holding down the position at Willow Run?

Keene: Yes. They'd call me out there and I'd do the surgery and they'd take off for whatever they wanted to do.

Hughes: Well, who was filling your boots back at Willow Run?

Keene: I had an associate by the name of Bill Dolfen, who wasn't a surgeon but he could handle it and refer any cases that needed surgery out to other local surgeons. I used to come back [to California] occasionally, then, to operate and they'd have all kinds of cases for me to do. I liked that.

This went on. Sid would visit me at Willow Run occasionally to see how I was doing, but those visits seemed more social than otherwise.

Hughes: He wasn't your supervisor?

Keene: Well, he was top doctor to the Kaisers. He wasn't my boss, but I guess in the first year or two that I was out there [at Willow Run] he'd come to see how we were doing and report to the home office. He'd only be there a half a day or so. He'd stay in a hotel and I'd go chat with him. I guess he saw where I worked and what I was doing once, but this wasn't an intensive survey as I might make of a local hospital to see whether or not they were doing well. So my relationships with Sid during all this early time were pretty good.

Keene: When my case finally came to court in 1948 or so, I didn't think that he handled the situation very well because I had told him about my lack of license and he knew about it and he was wrong. I put that down as being a big mistake. I thought it was a blot on my escutcheon, as it were. At Willow Run I immediately became active in the local county medical society. We had the medical society spend an afternoon at the plant to see what we were doing, and gave several clinical days.

Incidentally I have always been involved in giving teaching symposiums wherever I've been--army, New England, Philippines, Korea, wherever--I'd have some kind of teaching experience in which I'd invite the local docs in to see what I was doing. This happened at Willow Run. I entertained the whole county medical society there early on.

Hughes: Were they accepting?

Keene: Oh sure, everybody came. They were curious about the big bomber plant, and we were the biggest employer around. I got along well, and I was asked to teach residents at the local hospitals, and appointed as an instructor in surgery by the University of Michigan. I was going along fine.

Hughes: Can you describe in a little more detail the health plan at Willow Run?

Keene: There wasn't any organized health plan at Willow Run. Our employees and their families were covered by Blue Cross medical insurance. While at work the employees were covered by workman's compensation insurance, which was my major interest. Sid asked me to investigate whether a Permanente type prepaid health plan could be established. I quickly learned that under Michigan law it would be extremely difficult if not impossible to create a Permanente. Consequently we didn't pursue the matter.

As a matter of fact our Blue Cross health insurance coverage worked out well. I became unofficial medical counselor for all the people that came in from California. And there was a big inflow. Here was an industry that started from nothing, an automobile industry, and grew up to 27,000 employees very quickly. The automotive plant stretched forever. It was the biggest plant you ever saw. We had all the problems of putting a big enterprise like that together.

During that time at Willow Run, I saw more combat fatigue, stress fatigue, than I did when I was in war. You could follow the shifting of stress first on the engineers, who were putting together the assembly





Dr. Clifford H. Keene and nurse, Mrs. Margret Wilson, at Kaiser-Frazer Automobile Plant Medical Department. Willow Run, Michigan, November 1946.



Steelworkers at Niacet Chemical Plant. Niagara Falls, New York, September 1928. Clifford H. Keene is second from left.





Keene: line, then the financial people, the production people, and then the sales people. I recognized a correlation between the stress on the job and everybody's pain in the back, diarrhea, peptic discomfort, headaches, migraine headaches, and so on. People became categorized as to stress symptoms.

We had a difficult time at Willow Run, very difficult time. And because we had a difficult time I got to know everybody.

Hughes: Now, what was causing the difficulties?

Keene: Trying to make the automobile business work. Sell Kaiser-Frazer cars. And the labor problems! Everybody had problems. Poor Edgar Kaiser. Gee. And their financial men! We didn't know on Wednesdays of some weeks whether we were going to have enough money to meet the payroll on Friday. Men would come to my office and shed tears.

We became a very close-knit society at Willow Run. You worked with the same people everyday. You went to see them at night. You had a drink with them at night. You went to the parties with them on Friday, Saturday, and Sunday night. We all huddled together, kind of keeping each other warm and encouraged.

It was a very, very disquieting, difficult time, but because of that I got to know everybody. Everybody of consequence in any of the Kaiser companies came to Willow Run at some time hoping to offer a solution to get us out of the trouble. That's how I came to know Edgar Kaiser very well. He became my beloved friend, he and his wife, Sue. I took care of their kids. That's when I first met [Eugene] Trefethen. He'd come out from the Central Office. He was just somebody I heard about that was important back in Oakland or California someplace.

I got to know people like Joe Reis, who was our financial man who would become very much involved in medical finances years later. I worked for John Hallett, who was the factory manager and production manager, and just a very, very fine, lovely man that I admired very much. I got to know everybody who was anybody or who became anybody in any of the Kaiser Industries. And I knew Gene and we knew [each other's] families. It was a very close, nice relationship.

During that time at Willow Run, I would hear rumors of what was going on in the health care business [in California]. After a year or so, no one ever said anything about me doing anything other than Willow Run.

Hughes: Now, why was that, do you suppose?

- Keene: Well, because I was involved in all the things that were going on in Willow Run which was a world apart. Sid and his group were trying to slay the dragons that were attacking them out in Oakland all by themselves. Occasionally West Coast doctors would come through; they'd have heard about a fellow by the name of Keene back at Willow Run and what he was doing. I'd have visitors that would come to pick up an automobile, but not too many. After a while, I didn't go out to the West Coast any more. We became a little tribe of our own, limited in scope and outlook and there we were.
- Hughes: Now, you had many responsibilities there. How much of your time were you actually spending on surgery?
- Keene: Well, very shortly at Willow Run I came to the conclusion that I wasn't going to be just a surgeon. I could do surgery, and I was a surgeon. But with all the problems we had, I decided that I would be the doctor for the whole group and I'd do whatever was necessary. I'd take care of people if I could take care of them, or make sure that they were taken care of. I would be the surgical shepherd of this flock, and the medical shepherd of this flock. And it was a different concept. I was going to be the doctor of this institution, this colony, and that's what I did. If someone had a skin disease, I'd try treating it. If I couldn't treat it I'd send them someplace else.
- Hughes: And so you were the only--
- Keene: No, no. We had a staff of almost thirty people when we got underway. There were six or seven other doctors, but I was the top doctor.
- Hughes: Now, had you been responsible for attracting those people?
- Keene: Oh yes. I put the whole department together. Hired them all.
- Hughes: Were they mainly Michigan people?
- Keene: Yes, all of them.
- Hughes: And they were well qualified.
- Keene: Well trained, yes. We went on with our business.

Then, my dear, came the year 1953, the end of our world. From 1946 to 1953, we had built automobiles of various kinds which we couldn't sell. We also had gotten into airplane manufacturing. We were building transport planes, C-119s, big transport planes.

Keene: Then things started to go bad with everything at Willow Run. We lost the contract to build airplanes in the middle of 1953. We were about to expand in automobiles to Toledo, to take over the Jeep Company, but then we began to go belly-up, insofar as Willow Run was concerned. Our industry fell apart in a hurry.

Hughes: Can you put in a nutshell why thing didn't succeed?

Keene: Well, for a number of reasons, but I guess that our top executives didn't know how to build automobiles.

Hughes: Simple as that!

Keene: Yes.

Hughes: Now, why was that particular venture even imagined?

Keene: Well, because Mr. Henry Kaiser wanted it done. He wanted to do big things after World War II, and one of them was the automobile business. Of course he went into aluminum, and he had started in the steel business during the war. He became involved in the aluminum business and cement business and shipbuilding business and the construction business. But it was after World War II that he went into the aluminum business and the automobile business because he thought there was an opportunity to succeed in those two businesses as he had succeeded in shipbuilding. Mr. Kaiser was one of those people that believed that a manager is a manager, and an entrepreneur is an entrepreneur. And no matter what kind of business you go into, if you have business ability and what it takes, you can make it go.

Well, that may be true to some extent, but somebody has to have a good knowledge of the particular business that you're in or develop that knowledge. The Kaisers didn't seem to want to build automobiles in the way automobiles had been built. They wanted to do it differently. This was to be a new venture! They were undercapitalized to begin with--\$125 million, I think, was their original capitalization--so that there was never a real promise of success at any time, and there always seemed to be, or for most of the time, an impending doom.

Hughes: Do you think that Edgar Kaiser felt this early on?

Keene: Yes. Edgar really didn't want to be in the automobile business; his father sent him to Willow Run. Edgar really didn't like it. Edgar, being a dutiful son, came out to do it. He resented other people staying in Oakland in the businesses that were successful and sending him out to do something that he really didn't know much about and

Keene: wasn't too interested [in]. But he gave it the old college try. He tried to make it go. Everybody did. I don't think I've ever seen any group of people work as hard as they did at Willow Run, but it was like trying to patch up a hole in the bursting dam. It was just too much.

In 1953, everything started to go kablooey. Automobiles stopped being made, the airplanes were discontinued, sales dropped off, . everybody was being laid off. Things were going from bad to worse. Then I got worried about me. No one was saying anything to me, and I was the last doctor around.

Hughes: The others had gone by then?

Keene: One other doctor, Bill Dolfín, was still there.

Hughes: The others had left the sinking ship, so to speak?

Keene: They were laid off, because we didn't have anything for them to do.

#### A Job Offer from United States Steel

Keene: Then of course my wife and I thought, "Well, what are we going to do?" No one was saying anything about me to me. In September 1953 an ad appeared in one of the medical journals to the effect that a big company was looking for a high-grade medical director to develop an international program of industrial health care. That sounded pretty good to me.

Hughes: This is American Steel?

Keene: United States Steel. I answered the advertisement, and it was United States Steel. They were looking for a doctor who could set up a top-grade industrial program and a general health program, not only in the United States, but throughout the world for their subsidiaries. I thought I fitted the bill, and as a matter of fact I did fit their bill.

We exchanged correspondence. They had me come to Pittsburgh for interviews. They entertained me, took me to lunch at the Duquesne Club in Pittsburgh, and that's pretty holy, a sanctum sanctorum for steel company executives. Everytime I'd talk to someone new, I'd talk to someone higher in rank, and finally I was talking to a senior vice president named Johnson. He wanted to know, "What about



Keene: the Kaisers? What plans do they have for you?" I said, "As far as I know I'm about the least of their problems at Willow Run. I report to Edgar Kaiser, and he's never said anything about my future and he's got a thousand and six other problems, and he's not worrying about me." He said, "Well, you better find out."

#### An Encounter with Edgar Kaiser

Keene: The following Monday morning in early November 1953 I called Edgar's office and spoke to his secretary Nina McCormick. (Edgar would marry Nina after the death of Sue, his first wife.) I asked if I could see the Boss. She said, "Come up about eleven o'clock."

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At eleven o'clock I presented myself in Edgar's oak panelled office on the second floor of the administration building. "Edgar, everybody is being laid off. The handwriting is on the wall; sooner or later it will happen to me. I've been thinking about finding a job. This advertisement appeared in the Journal of Occupational Medicine looking for a top-grade industrial doctor. It turns out to be United States Steel. I'm very much interested in a job with United States Steel, and they're interested in me. The senior vice president, Mr. John A. Stephens, says that I ought to find out what you and your father have in mind for me."

Edgar said, "Well, what did you tell them about that?" I told him, "I don't think Edgar's got anything in mind for me. Edgar's got many other problems, and probably the least of his concerns is what's going to happen to Keene. But he still wants to know if you have any plans for me. I don't think you have, and I'd really like to have you give me a recommendation for United States Steel."

Edgar got very, very quiet. Edgar was an incessant smoker. He smoked and inhaled and looked at me and got up and walked around the desk and grunted and shook the change in his pockets a couple of times, and said, "Well, you're a good doctor; you're a pretty good doctor; you've done an excellent job here; yes, you have. I can write him a letter and tell him you're real good. I could call him up too. But I'm not going to do a goddamn thing. You just get out of here and go downstairs and go back to work." Well! [laughter]

Hughes: Where did that leave you!

Keene: I looked at Edgar, this is my good friend, he's still the boss, however. So I get up, walk out of the office, look at Nina on the way out, she just looks wide-eyed, and I go back downstairs to my own

Keene: office. This didn't take very long. I call up my wife and I say, "Jean, I just went up to talk to Edgar. One thing led to another and he threw me out of his office." She said, "Well, what do we do now? What about the job in Pittsburgh?" I said, "Well, I don't know about the job in Pittsburgh; I don't know about anything. And I'm too flabbergasted to do anything. So let's not do anything."

### An Invitation to Run the Kaiser Permanente Medical Care Program

Keene: That was Monday. Nothing happened the rest of Monday and nothing happened on Tuesday. On Wednesday morning Nina McCormick called to say, "Mr. Kaiser, Sr. is in town and he would like you and Mrs. Keene to come to dinner at Edgar's tonight at seven o'clock." "We'll be there."

I called Jean and said, "Say, the old man's in town, and we're to go to dinner at Edgar's house, seven o'clock tonight. It's a command performance." "What's Mr. Kaiser want to talk about?" "I don't know, sweetie girl, we'll find out when we get there."

Seven o'clock the Keenes show up at the Barton Hills home of Sue and Edgar Kaiser, one of the best homes in Ann Arbor, and ring the bell. Sue and Edgar come to the door, greet us effusively. The last time I talked to this fellow, he threw me out of his office! That was forgotten. The old man is there, Mr. Henry Kaiser, big as God.

Hughes: Now, had you met Henry before?

Keene: Oh yes, I had met him. I had taken care of him and Mrs. Kaiser. Mr. Kaiser was a man that you never called anything but Mr. Kaiser or sometimes "Boss." You never called him Henry, and I never even thought of him as anything other than Mr. Kaiser. If I dreamt about him, I'd call him Mr. Kaiser.

Mr. Kaiser was there as we came in. He greeted us in his peculiar way, and then Edgar says, "What'll you have to drink?" I said, "I'll have a Scotch and soda."

Hughes: What was the peculiar way, in greeting?

Keene: Oh, he was not effusive. He probably said, "Hello, hello." [imitating a brusque, understated tone] Mr. Kaiser had no small talk. Everything with him was short, to the point, and concise, and there was no subterfuge.

Keene: That request for a drink was all I said for about two and a half hours. [interviewer laughs] Mr. Kaiser said, "We're having problems out on the coast with our doctors and hospitals." Then he started to talk about what was going on in medicine in California, and he went on to talk about his relationships with Dr. Garfield and relationships with all the doctors and relationships with the medical societies, and they were just awful.

Hughes: Can you be a little more detailed?

Keene: Mr. Kaiser knew exactly what he wanted to do in medical care. He wanted to put together a system founded on business principles, "There ought to be some way," said he, "by which you measure how many medical services a group of people are going to use. You organize to do just that. You establish a financial organization to provide facilities and equipment and convince doctors to work together as a real organization, just as if you're going to build steel or cement or aluminum or whatever, and put it together and make it work." I believed him then and I believe him now. You ought to be able to do that.

He said many more things; that he had gotten together with Sidney and that's what they were trying to do, but he had problems with Sidney. Sidney wasn't a good businessman and he wasn't an organizer and he was inconsistent and Mr. Kaiser couldn't understand his business attitude, and neither could any of the other businessmen.

Well, at that particular moment I had no animosities toward anybody. I had a job in Pittsburgh! [interviewer laughs] So he then went on to say that the doctors were in rebellion. Sidney had handled them so poorly that the doctors, including Monte Baritell and Wally Neighbor, were all in rebellion, and they didn't know whether they could ever get the thing back together again. On top of it all, the medical societies were out after Sidney and out after Mr. Kaiser, thinking that what they were trying to do was socialism, if not communism.

Well, Mr. Kaiser went on and on and on and on, and then Edgar would chime in, and they'd talk about how Sidney did something or other at the dams or in wherever, which they couldn't understand, and he didn't handle money correctly.

My wife was there. This went on. I ate a whole meal in silence. I only said one other thing: "Pass the pepper, please." [interviewer laughs] That's right. For two and a half hours. Finally, it got between ten-thirty and eleven o'clock, and Mr. Kaiser and Edgar and Sue were still going on, and my wife and I-- This was a harangue, sort of a monologue, not a dialogue.

Keene: Finally I said, "Mr. Kaiser, I've got to operate in the morning, and I must be going home." Then I added, "What's all this got to do with me?" [interviewer laughs] And he looked at me as if I were an idiot child and he said, "What I'm trying to tell you is that, in the first place, you wouldn't like United States Steel. They aren't our kind of people. The other thing is, I want you to come out there to the West Coast and run this thing."

I said, "Mr. Kaiser, run what?" "Do what I just told you about. Put together a medical program and make it go. We need some business principles." "Mr. Kaiser, I don't know anything about that." And he said, "Well, I'm sure you could do it." One thing led to another, and I'm dumbfounded. "Well, Mr. Kaiser, I got a date to go back to Pittsburgh." "Well, you won't like it," and so forth and so on. There came sort of a turbulent part of the evening. Finally he said, "Will you come out and look at it?" I said, "Yeah, I'll come out and look at it."

The upshot of it was, I promised Mr. Kaiser then that night that I would come out to Oakland, California, and look and see what was going on in his medical affairs before I made a decision about United States Steel. Later in November and before I went out to California, Edgar did write a letter to Mr. Stephens saying my work with Kaiser had been satisfactory.

The Breakfast Meeting with Sidney Garfield, December 5, 1953

[Interview 2: March 30, 1985]##

Keene: As a result of [my agreement to look over the circumstances in California], I spent from Monday, November 30, 1953, until Sunday, December 6, 1953, in California. We are now about to discuss a breakfast meeting between myself and Dr. Sidney R. Garfield on Saturday morning, December 5, 1953, at the Mark Hopkins Hotel, on the top of Nob Hill, in San Francisco

As a result of my talks with the doctors in the Permanente medical groups, both in northern California and in southern California, and with officials of Kaiser Industries and with Mr. Henry Kaiser, and with other people in Oakland, like Tod Inch and Arthur Weissman, I was aware that there was tremendous turmoil in the medical groups. I learned that the medical groups distrusted Mr. Kaiser on one hand and [on the other] were very skeptical of Dr. Garfield's business abilities.



Keene: At any rate, my breakfast meeting with Dr. Garfield was quiet and stilted. Dr. Garfield didn't say much at the beginning, and because of the silence, I said, "Sid, in my opinion, the whole medical program is in a hell of a mess, and I don't know how one would solve all its problems. The medical program is your baby, and if anybody should attempt to correct it, it should be yourself."

Sid was quiet, and put down his spoon, with which he was eating grapefruit, and said, "Well, the big problem there is that Mr. Henry Kaiser doesn't have any confidence in [my] ability to manage a program, and everyone agrees the program needs some kind of leadership, strong leadership, and strong leadership hasn't emerged [yet]."

With that, Sidney surprised me by saying that he agreed with Mr. Kaiser, perhaps he didn't have the necessary leadership ability and managerial ability, and that I appeared to have that ability, and that he also agreed with Mr. Kaiser that I ought to come out and take a job in administration of the medical program and see if we could turn it around. Let's stop right there. [brief tape interruption]

Sally, this is a very important point that I'm making here because Sidney never again alluded to the fact that he asked me to come out. Never.

Hughes: Do you think it really was Dr. Garfield's idea to have the breakfast meeting, or had he perhaps been told by somebody to take Dr. Keene out to breakfast and try to change his mind?

Keene: What do you think? [interviewer laughs] I never asked that question, but it's apparent what happened. Mr. Kaiser had spoken to me the day before. Mr. Kaiser would call everybody that I talked to and ask what is Keene thinking now. So he'd follow me around, in a sense. I was just amazed at Mr. Kaiser's intimate involvement in this affair.

Hughes: Which was a relatively new thing, now, wasn't it?

Keene: When it came to medicine, or anything else as a matter of fact, Mr. Kaiser did everything but drive the hearse at the funeral. He did everything.

Hughes: But my understanding was that in the very early days Kaiser Industries and the Kaisers themselves were not as intimately connected with the medical concerns as they became--



Keene: That's right.

Hughes: --in the fifties.

Keene: He became, he became.

Hughes: It had been Dr. Garfield's bailiwick and he had been pretty much free to manage it in the way that he saw fit.

Keene: Yes. But in 1953 this tremendous rebellion among the doctors occurred. I had heard about it through the Bedfords, Clay and Kit Bedford, who used to come and go all the time. When they heard that I was going out to the Coast they said, "You're crazy, Clifford, to go out there. You'll get your ass knocked off." And they were absolutely right! [laughter]

Hughes: Right! Truer words were never spoken. [more laughter]

All right, now, I hope you're going to tell me why you changed your mind at that breakfast meeting.

Keene: The discouraging thing about the California job, the thing that dissuaded me right up to that meeting with Sid, was the animosity of the doctors.

Hughes: And you felt that personally when you visited them?

Keene: Oh yes. I had never felt such a venomous attitude toward me in my whole forty-three years of life as was expressed by Ray Kay and Morris Collen, specifically by those two, that I should have the temerity or the audacity or the arrogance to come out and think that I could become involved in that medical program and do anything about it.

That was an insurmountable barrier to me. While I had always been a competitive person in everything that I had done and perhaps wasn't the most lovable character that ever came down the pike, I had never felt that degree of animosity. I was always able to get along well with anybody that I wanted to get along with, and never became really involved in much turmoil at any time. I just didn't want to get involved in a big fight among Sid's disciples.

Hughes: Now, what was the grounds for their antagonism against you?

Keene: Well, I would guess that they looked on me as somebody being brought in from the outside with no more talent than anyone else. I was just an outsider, that's all.

Hughes: Yes, and probably at that point it didn't help to have the Kaisers involved with your coming out either, in the light of the tensions that I understand had developed between the medical groups and Kaiser Industries.

Keene: Yes. Of course please realize at that time no one challenged me as a doctor. If there had been grounds for challenging me on my professional ability I would have been lost to begin with. But I was a good doctor and had all the qualifications that a person of my age might be able to get. I had an excellent reputation and was involved in the [local] medical societies in Michigan and in the Michigan State Medical Society; I had taught at the University of Michigan and was a person of some consequence professionally. The antipathy might not have been directed against me personally, but it was certainly directed against the concept of an ausländer coming in.

You say, "Well, how come you changed your mind right then and there?" Please be aware that Edgar Kaiser was my very good friend. I was a great admirer and had strong affection for Edgar Kaiser. My wife and I had strong affection for Edgar and Sue Kaiser. We'd just been through seven of the damndest years you can ever imagine at Willow Run, and the fact that we were still alive and sane was an achievement of consequence.

Because of that admiration and friendship and experience plus my high regard for a whole host of other people in the various Kaiser organizations, there probably was a desire deep within me to stay with the Kaisers if I could find the right spot. Also Sid was the center of the turmoil. Everybody seemed to love him and hate him at the same time.

Therefore when Sidney then said he wanted me to come, and Mr. Kaiser said so, and Edgar also, I thought then that there was some possibility, and I use that term knowingly, a fighting chance that we might be able to turn it around and make it go. Please understand that I thought that the fundamental idea of the Kaiser Permanente Medical Organization--that is, the prepayment and the budgeting and the organization and all--was excellent. I thought the basic idea was superb. As a matter of fact, it's always been that way, and the reason that it still exists today is that the basic idea is good and sound. The basic operational principles were already in effect, but they were bogged down in personal prerogative, in challenges between personalities, strong personalities, in a myriad of suspicions and in a quagmire of antipathies.

Hughes: But there were some organizational aspects beyond these personal antipathies.

Keene: Oh yes.

Hughes: Were you aware of the fine points at this stage?

Keene: I was aware of many of the points, but I didn't become aware of all the fine points for almost a year thereafter. More and more things came out of the woodwork, and more and more things were spewed up out of the volcano, let us say.

Hughes: In retrospect, if you had known the breadth and depth of the problem, would you still have accepted the position?

Keene: I don't know, Sally. I realized I was playing dice for high stakes, and now at the end of my career I look back and see that I achieved personal recognition out of that turmoil that I probably would not have achieved otherwise, that is, national recognition, the giving of lectures at Harvard, Stanford, Michigan, Indiana, and wherever. I probably would not have attained national notice if I had gone with United States Steel. I would have probably been a successful senior vice president for occupational health and perhaps personnel for United States Steel. I think I would have been a success in life, but whether or not I would have done as well is conjecture. But I am also sure that I wouldn't have had the great period of personal turmoil, which began in 1954 and didn't really end till about 1960.

Hughes: Well, I understand those were the tough years.

Keene: Sure were! From 1954 till 1960, those were six years of hell. Because they churned my insides so much, my emotions and my psyche, is the reason that I'm reluctant to talk about them.

Hughes: Yes, I can imagine. Did those years take a health toll?

Keene: Oh, certainly. During that period I developed tics and difficulties with my digestive system. I became depressed much of the time--all the attributes of stress. But I also developed an unwavering determination that I was going to survive. Somehow I was going to make it go.

Hughes: You never had a thought about dropping out, going back to US Steel, or something more peaceable?

- Keene: Oh yes, yes, yes. But it's almost like thoughts of suicide. I was embarked on a frightening job but I wasn't about to give it up. While I thought of dodging out some way or getting out of it, I never really did; I never gave up.
- Hughes: Did you know at the time that you were also giving up surgery?
- Keene: Yes, I did.
- Hughes: And that must--
- Keene: Yes, that was a tremendous thing to do. My wife has never forgiven me for that. And of course when I read other people's opinion of my surgical abilities, such as that in the history of surgery in World War II, I realize that I did have an unusual talent in surgery and that I did give up something that was precious and hard to obtain. Perhaps because of that sacrifice I was determined not to let my career go down the drain.
- Hughes: All right, let's go back to the breakfast meeting, if you don't mind. You decided, and presumably told Dr. Garfield at that meeting that yes, you would come and assume the position in California. But what was your, and his, understanding of exactly what that position entailed?
- Keene: After Sid made his statement and asked me to come, we were both silent for two or three minutes. I then said, "Sidney, that changes the whole aspect of the situation. If you want me to come and Mr. Kaiser wants me to come, I would guess that there is enough chance for success for me to try it." I did not have in my mind then exactly what position or title I might assume. I thought that we could work that out.
- Hughes: So you didn't think of yourself as stepping into Dr. Garfield's shoes?
- Keene: On the Tuesday before this Saturday, on Tuesday, December first, I met with Mr. Kaiser in his office at 1924 Broadway, and I'm talking about Henry Kaiser, Henry J. Kaiser. Mr. Kaiser said to me, "I want you to come and you run those hospitals and health plan. We will let Sidney design the hospitals. That's what he's good at." That was the job description. And that's the job description I had in mind, always had in mind.
- Hughes: Did Dr. Garfield at that point know that that was to be your destiny?



Keene: Yes. It didn't seem feasible to me that that whole change could be created in one jump. I had no desire to be devoured by this tiger, so there had to be some way in which we--we: Clifford, Henry Kaiser, Edgar Kaiser, Sidney Garfield, and the doctors--would ultimately arrive at the circumstance where Keene would run it. It seemed that the best way for me was to come out and be involved in the affairs, with the view that ultimately it would come about. So on my part there was a planned and conscious and rationalized approach. It never occurred to me that I should come out and have somebody anoint me and be the boss, because I thought that would blow everything apart, and it would have blown everything apart.

Hughes: Now, what about Mr. Kaiser, Sr.? It seems to me from what you've said about him that he could imagine it happening that fast.

Keene: He could imagine it happening that way and said so. But reason seemed to prevail for a while. Also, during this period, all hell was breaking loose. The dissension continued.

Hughes: This is still 1953 now?

Keene: I'm in December, 1953. So after that breakfast, right then and there, I called Mr. Kaiser and said, "Mr. Kaiser, Sidney says that he can't provide leadership for the program, and he has asked me to come and I accept your offer." He said, "Good! [pounds fist on table once] When will you come?" And I said, "After the first of the year."

So, what happened. My airplane reservations were canceled or put off for a day. I went to see Mr. Kaiser. It was Saturday. Henry Kaiser, Jr. was having a party at his house that night. I stayed and went to the party, met everybody, and said, "I'm going to be part of the team."

So I called my wife, said we were taking a job in California, start selling the house, doing a thousand things, and I went back to Willow Run on Sunday, December 6. My life was changed.

Hughes: Was it ever!

Keene: So I went back. I notified United States Steel that I was taking a job with the Kaisers on the West Coast. My wife and I went about the business of putting our house up for sale. We had a big house. First person that came and looked said, "We'll buy it." [laughter] In the month of December 1953 we made arrangements to change our life completely.



Hughes: Now, was she behind this? I know she wanted to come to California.

Keene: Oh yes, Jean wanted to go to California. Our children\* wanted to go to California, in a sense, but we had the expected problems with schools. Anyway, we sold our house and made arrangements to go to California.

#### A Farewell Party

Keene: Then one of the nicest things in my life occurred. I was to leave for California on New Year's night, January 1, 1954. Our household was being dismantled, and I was waiting for my associate, Dr. Bill Dolfin [spells it], to come over and see me. I was to get on the plane at midnight, at the Willow Run Airport. He didn't show up at the expected time. Finally the doorbell rang, and I looked outside and the street was full of people, all in formal dress. Edgar Kaiser was there, and there were about a hundred other people from Willow Run.

Hughes: Oh, how wonderful.

Keene: They moved in with an orchestra, a catering group, took over the whole house, and in three minutes there was a big party going.

Hughes: What a wonderful thing to do. [laughter]

Keene: Yes, just tremendous. That silver tray that's downstairs they brought along.

Hughes: Was that Edgar's doing?

Keene: Oh yes, that was Edgar's doing. And everybody seemed to overflow with affection. There were toasts and emotional speeches, promises and predictions, hugs and kisses. Then at eleven o'clock I was loaded into the company limosine, driven to the airport and sent off to San Francisco.

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\*Patricia Ann, born March 12, 1937, Martha Jane, born April 3, 1939, and Diane Eve, born December 13, 1947.

IV PRESIDENT AND CHIEF EXECUTIVE OFFICER, KAISER FOUNDATION  
HOSPITALS AND HEALTH PLAN

Getting Acquainted with the Medical Care Program##

Keene: My wife and family stayed in Ann Arbor but expected to join me in about a month. I showed up for work in Oakland on Monday, January 4, 1954. Sid and his staff had offices in the old Piedmont Hotel near the Oakland Hospital. The nursing school was located there also. I was given an office in the rear overlooking a neighbor's wash line and started to become acquainted with the Kaiser Permanente Medical Care Program.

Hughes: Now, that's what later became known as the Central Office?

Keene: Yes. That was the beginning of the Central Office.

And of course I spent much of my early time listening. I would see one person at a time and listen.

Hughes: For example.

Keene: Felix Day. Bill Price. Morrie Collen. The nursing school people. Monte Baritell. I would listen.

Hughes: What about Sidney Garfield?

Keene: And Sidney.

Hughes: Was he there?

Keene: Sure, he was there; he was there; he was greatly involved. I would have lunch with him and dinner with him and spend much of the time going over all that had happened, in great detail, in great detail.



The Family of Clifford and Jean Keene

August 12, 1984

*Left to right:* Patricia Ann Keene Kneedler, Diane Eve Keene Simonds, Jean Keene, Martha Jane Keene Sproule, Clifford H. Keene.



Hughes: Did you see much of the Kaisers?

Keene: Oh, sure. I would see Edgar and Mr. Kaiser and, again, Joe Reis, Arthur Weissman, Bob Elliott.

Hughes: What about Mr. Trefethen?

Keene: And Mr. [Eugene] Trefethen occasionally. Gene wasn't involved in my coming out to California in the early part. I only had one session with Gene, and he was prophetic in that he said, "Well, you're coming out with us. There's only one thing I ask you to do. Make us respectable."

Hughes: Now, what did he mean by that?

Keene: Gene had in mind relationships with doctors other than Permanente doctors and with the medical profession generally. Gene lived on Sandringham Road in Piedmont. That was the East Bay area where a great many doctors lived, so that in neighborhood activities he came in contact with many non-Permanente doctors. At the cocktail parties or social functions, the non-Permanente doctors would take him on for socialized medicine, even communism, and accuse him of all the things that those of us who were in the program were accused of. So all he wanted, or seemed to want at that time, was somebody to change that image.

Hughes: Do you think an aspect of this image would relate to the banking situation? I'm thinking of the fact that, from what I've read, Dr. Garfield's system of bookkeeping was a bit unorthodox. Do you think that that was of concern to Mr. Trefethen?

Keene: Well, it must have been a concern.

Hughes: I'm thinking of bank loans, the fact that this was a period of expansion and the Kaiser system needed money.

Keene: We're going to come to that.

#### Garfield's System of Management by Expediency

Keene: Sidney's idea of management was management by expediency. He didn't have any constant principles. He did whatever seemed to be necessary to adjust a problem for one day. For instance, he paid you what he thought you could live on, not what the job might entail.



Keene: One of the best hospital administrators we had was Dorothea Daniels, a woman with a doctorate in education. He never paid her very much on the theory that she was a woman and single and didn't need much money. When she found out, there was a great uproar. Also Edgar told me that several times during the construction of the dams, it was decided that the doctors should have a bonus. Well, Sidney would get the money for the bonus and decide that the doctors didn't need it at the time and didn't give it to them. Edgar told me that with Sid sitting next to me, Sid would make rules to fit the game as they went along, which just drove everybody crazy, and eventually used to drive me crazy too.

So there was reason for Mr. Kaiser's concern, and everybody's concern, about Sidney's lack of principle in applying honest and fair rules equitably to everybody. He just didn't do that. If he made a deal with you today and he thought about it tonight, he'd tell you tomorrow morning, that's not the way it's going to be. He was inconsistent and unreliable in business matters.

So the criticism of Sidney, in that regard, was well justified. Let me say too that Sidney's concept, the original concept of the health plan, was a stroke of genius. He thought that out. I don't think that I would ever have thought up the arrangements that he did, because the concept was foreign to me. But in business principles and administrative principles, I had a much different theory than Sidney, if Sidney had a theory at all.

Hughes: Can you characterize your theory?

Keene: Well, as you see, everything around here [in this household] is systematized. You have a PhD in the history of medicine and you know that a man by the name of [Carolus] Linnaeus categorized everything so that everything fitted into a system. That's the way my thoughts have always been and my life has always been. I like to feel that I know where all the parts are and how they fit together and what is the relationship among all the parts and how the parts work together. For instance I need to have a definition in my own mind what the purpose of an organization is before I can conceptualize how that organization ought to work.

Hughes: Just to interrupt you, Dr. [Ernest] Seward and I had a discussion which I think relates to what we're saying. I believe it was his suggestion that there're different personalities suited to different stages in the evolution of an organization and that Sidney Garfield was the epitome of the entrepreneur, the one with the ideas, the one who got the ball rolling, so to speak. But in this particular case, the organization by the fifties (it's a very rough paraphrase) had

- Hughes: gotten beyond the control of an entrepreneur. You needed, maybe you could call it, a second-stage organization man, who, I presume in this case, would be you. Do you think there's some legitimacy to that?
- Keene: I think that's absolutely right. That's a good characterization. I think that's the way General Motors was, I think any big organization is just that way. There's always the inventor, the man who gets the idea, and then he gets bogged down in trying to make it run. Then the pragmatic individual comes along, the one with the orderly mind and the one perhaps who grinds out what's necessary to make it operate, day to day to day to day.
- Hughes: Why do you think the Kaiser organization hired you? Was it just coincidence that you were a surgeon? Weren't they hiring you for your business and administrative abilities?
- Keene: Good question! You see, I had been at Willow Run, as I said, from 1946 to '53, and I had run the medical department, and according to the statement in these letters of Edgar Kaiser, they never had a complaint about the medical department. They had plenty of complaints about everything else, but never the medical department. Perhaps the Kaisers thought I had potential--potential ability to take on a much bigger job.
- Hughes: Your record was clear.
- Keene: Yes, I had a good record.
- Hughes: One quote from Mr. [Scott] Fleming. He says your status was never made clear to Sidney Garfield, "a circumstance which created an awkward situation lasting for several years,"\* presumably talking about your relationship with Dr. Garfield.

#### Interrelationships of the Kaisers and Garfields

- Keene: The difficulties of my relationship to Sid Garfield were an offshoot of the relationship between Sidney and Mr. Henry Kaiser which was a true love-hate affair. They liked to be together. Mr. Kaiser liked

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\*Scott Fleming, "Evolution of the Kaiser-Permanente Medical Care Program: Historical Overview" (Oakland: Kaiser Foundation Health Plan, Inc., 1983), 24.

Keene: Sidney's ideas but blew up about the way Sid carried them out. Their complex relationship was made more complex by the sequence of events which followed the death of Mrs. Bess Kaiser, the first wife of Mr. Henry, sometime in the early fifties.

Hughes: 1951.

Keene: Yes. And before the funeral flowers had begun to fade, Mr. Kaiser married Mrs. Kaiser's nurse, who was then called Ale [Alyce] Kaiser. Ale Kaiser had a sister, Helen, who was also a nurse and also divorced, and Mr. Kaiser thought that Helen, his second wife's sister, would be an excellent wife for Sidney Garfield. Sid had been divorced for some years. I'm just as convinced that Mr. Kaiser orchestrated that marriage, as I am that I'm sitting here. So Sidney then married Helen. Then Sidney and Mr. Kaiser became brother-in-laws. But while they were brother-in-laws and were together much of the time, they put on the most horrendous fights, embarrassing arguments and explosions.

Hughes: On both sides?

Keene: Well, Sidney was a quiet individual and not given to yelling or stomping his feet and waving his arms, but Mr. Kaiser did. On various occasions I saw Mr. Kaiser take on Sidney in the most humiliating circumstances. If a man had spoken to me like that, I'd want to fight with him, physically. It was most demeaning and I felt sorry for Sidney.

Then I guess after Mr. Kaiser cooled down he would have feelings of remorse. Always there was the awareness of that family relationship, the Kaiser-Garfield cocktail hour, the two women and Henry and Sidney.

Hughes: Was that a daily occurrence?

Keene: I don't know. But each would refer to it as a source of some information.

Hughes: They were living next to each other at this stage, were they not?

Keene: Sure. All of us that were close to the throne assumed that they would discuss all the things that went on, and they would discuss everything that Keene did or Edgar did or Mike Miller did or whoever it happened to be, and a judgment was made. So for a period of time whoever was judged, lived in the light of that judgment. So because of that peculiar relationship, a nice definition of organizational pattern in medical affairs was impossible for a long period of time.

Hughes: When you say a long period of time, you mean through--

Keene: I mean until 1960.

Hughes: Because Garfield was still really in the picture, wasn't he?

Keene: He was in the picture, but less and less in administration. He was designing hospitals. After the Tahoe days, he had nothing to do with administration whatever.

Eugene Trefethen

Keene: There was a period of time when nobody had any titles, in which Trefethen was the top doctor insofar as I could tell. [interviewer laughs] Yes. He was the front. He was the pivot, because the turmoil was so intense that no one was permitted to rise above the surface.

Hughes: Now, why was it Trefethen?

Keene: Are you going to interview Mr. Trefethen?

Hughes: He's being interviewed, not by me.

Keene: If Mr. Trefethen ever found himself in hell, which he won't, it would be better than many of the days he had at Kaiser. He bore the brunt of the criticism of Edgar and Mr. Kaiser and everybody else, yet he is the person who lent some stability. He earned a lot of money, but he earned every mill, not every cent, every mill that he got.

He and Edgar were supposedly almost brothers, but they were fighting brothers, let us say. Gene had the talent for managing the Central Office and listening to people and deciding what should or should not be done. He was also the buffer between Mr. Kaiser and his executives. Mr. Kaiser could be a tremendously abrasive boss, you must remember, and he had to have a buffer. Gene played that role.

Hughes: But you yourself played that role, to a certain extent, did you not?

Keene: After a time, insofar as the medical organizations are concerned, that shifted to me. As Mr. Kaiser grew older he became more impatient and more critical and the role of buffer became more and more necessary.



Keene: Mr. Kaiser went to Hawaii on his second honeymoon, fell in love with the Islands and started out to change things. Mr. Kaiser became involved in Hawaii Kai, his big development in Hawaii, and it was the unstated principle that we do everything possible to keep Mr. Kaiser happy in Hawaii, so that he wouldn't come to Oakland. [interviewer laughs] That's right. That's exactly right. And if Gene tells you any different, call me: I'll come look him in the eye. [interviewer laughs] That was the principle: keep Mr. Kaiser in Hawaii.

He'd have insatiable demands for more capital to buy another few thousand prime acres [laughing] in Hawaii and to build houses, cement plants and hospitals, when Gene and the rest of the organization were trying to build up aluminum, cement, steel, electronics, and so on.

So Gene [speaking with an approving chuckle] handled his role superbly well. Nonetheless he was battered around just as I was and the other operating executives of Kaiser companies. But now I'm becoming anecdotal.

#### Keene's Relationship with Garfield

Hughes: Well, I think before we leave the anecdotal, I would like to know a little bit more clearly your relationship with Sidney Garfield.

Keene: Well-- [long pause] Let me say that in other circumstances I would have been good friends with Sid Garfield, and I would have been good friends with Morrie Collen and Ray Kay and Cecil Cutting. Why? Because all of us were good doctors and all seemed to have a high grade of morals. I never felt that anybody was robbing anybody else, and we would have gotten along all right.

But in the circumstances in which we functioned, I began to take over more and more of Sidney's prerogatives, or what he had perceived as his prerogatives, so that by, say, 1958-1959, I was in effect running things, without title, let me say. [I was] being involved in realizing Mr. Kaiser's dreams for a hospital in Hawaii, and I was the one that was getting blamed if anything went wrong, and I was the person who was beginning to talk to the doctors, and so on. It's certainly no surprise that Sidney didn't like to see happen those things which were planned years before but which he hoped would not actually come about. Sidney didn't like it and neither did his wife Helen, and neither I guess did Mrs. Kaiser, Ale. As a matter of fact, I think Mr. Kaiser felt sorry for Sid at times, although he's the one--



Hughes: Who did it! [laughter]

Keene: He was the architect. It was his grand plan. He brought Keene in to do exactly what Keene was doing. Sid remained on the board of directors, [but] he was not the number one person any more.

Hughes: How were the medical groups entering into all this?

Keene: When the controversies began to settle down, their finances began to improve and the building program went forward, the medical groups became quiet and the general feeling improved. Let me not give you the impression that there was a great hosanna and throwing of arms around Keene by anybody. There wasn't. But after a time they accepted it.

Hughes: Well, now can we get back to some specifics. I believe that you were presented to the northern California medical group executive committee early in January, 1954, right after you had arrived from Willow Run. Is there anything of note to say about that first official meeting with the medical group?

Keene: Sally, I know that must have happened, but I don't recall that at all.

#### Kabat Kaiser Institute

Hughes: I can tell you one thing that you discussed, apparently, and I got this from Dr. [John] Smillie's account.\* You apparently presented the Kabat Kaiser situation, which I assume, from the way it was phrased, had been put in your lap and you had been told to do something about it.

Keene: That's right. I was given a number of problems immediately. I was given the nursing school, I was given research, I was given the Kabat Kaiser Institute. All of these were problems that no one wanted.

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\*\*John Smillie, M.D., "A History of the Permanente Medical Care Group and the Kaiser Foundation Health Plan," (unfinished manuscript in draft form).

Keene: With regard to the Kabat Kaiser, about 1951 Sidney had brought out from New York a man by the name of Herman Kabat, who was a physiotherapist and specialist in rehabilitation. He had some success treating paralyzed miners, at our Vallejo Hospital, which was a rehabilitation center. While he was good at doing this, he was reputed to be lax in other professional affairs, had an unhappy staff and just wasn't doing anything to sell his services to the community. Also he was reputed to be a communist, which disturbed the Kaisers.

This didn't excite me personally because I wouldn't have known a communist if one had walked down the street with a big sign "I'm a communist." [interviewer laughs] But there was a general allegation that Dr. Kabat wasn't as loyal to the United States as he might have been and all sorts of left wing things were going on. This was in a peculiar era of our own national history.

There was also a rumor about hanky-panky among the staff. One rumor led to another, and our rehabilitation center at Vallejo was in great disrepute, disrepute among ourselves. One of the first things I was told by Tod Inch, the top Kaiser lawyer, was, "You've got to clean up Kabat Kaiser." "Okay, what's Kabat Kaiser, where is it?" [laughter] Exactly. Exactly. So I listened about Kabat Kaiser for about four days.

Hughes: From Tod Inch or others as well?

Keene: From everybody, everyone. After I got the situation pretty clear in my mind, one day in January, my first month, I went up to Vallejo, made rounds, called a staff meeting, listened to everyone as to what they did, called in the top guy, and told him I intended to replace him.

Hughes: Who was Kabat.

Keene: Yes.

Hughes: On what grounds?

Keene: Just that I was a new boss and wanted to bring in another man.

Hughes: Now, was it politics that you were thinking of? Did you find anything medically questionable?

Keene: Yes. It wasn't very good at all. Dr. Kabat wasn't paying as much attention to business as he might have been. I don't suppose that's a very glorious chapter. It didn't create a general reputation for me as being a lovely, easygoing, easily convinced person.

Hughes: I suspect, though, you had gotten the message from Kaiser people that that was the ultimate--

Keene: Yes. I had to do various things like that.

Hughes: What became of the institute after that?

Keene: I brought in a new top rate doctor from St. Louis, Dr. Sedgwick Meade, who created an entirely different atmosphere. It became very successful and attracted patients from many new sources. We changed the organization of the nursing school. We organized the conduct of research. Many changes occurred. There wasn't any question of my competence. No one ever said, "Keene, you don't know what the hell you're doing."

#### Kaiser Foundation Nursing School##

Hughes: Were there problems with the nursing school?

Keene: Yes, they seemed to be wandering around without anyone to talk to. I was told that the school had been started up at Vallejo in 1947-- August I think--but when Dorothea Daniels became director of nursing at Oakland, the school was shifted to Oakland in December 1947. It graduated its first class in 1950. Sometime in 1953 Miss Marguerite MacLean became the director. I think by this time Sid had lost interest in the school. In February 1954 I attended the graduation exercise. Sid was supposed to give the address but didn't show up. I was called up from the back of the auditorium and gave an extemporaneous talk. As a matter of fact I spoke at every graduation exercise for the next twenty-two years.

The school seemed to be doing all right but was sort of a stepchild without adequate quarters or direction. When I came on the scene there they treated me great; they liked to have somebody to talk to. I started to change the nursing school and mold it into the kind of thing that I was used to being involved in. Back at Michigan I was a teacher of surgery, had taught nurses, and liked being around them.

Hughes: Was this, to put it in a nutshell, making it more academically oriented?

Keene: Academically oriented and traditional.

Hughes: What had it been before that?

Keene: I suspected that the nursing school had been started with the idea that the student nurses would supply cheap help [for the Kaiser hospitals]. Well, that's not quite the basic idea of a nursing school. Also, Sidney's relationship with that nursing school was a most peculiar one: For graduation he'd take everybody to Trader Vic's [laughing], which is one thing to do but if you can imagine the girls with their new caps and white uniforms, that's not quite-- It doesn't quite fit the image. [laughter] Nursing schools were being tightened up too.

I'm a great listener, in administrative things; I believe that I have to listen and I have to see and be seen. So we called everybody in the nursing school, and I listened. I listened for a long period of time. I listened, I saw tears, I heard shouts and screams, but I listened. After several years I brought in a director by the name of Josephine Coppedge, a different kind of leader, who was a professional teacher, and we reoriented the nursing school and did very well. The nursing school was a fine chapter in our life.

#### Kaiser Foundation Research Institute

Keene: Among the things that I was given very quickly was Research. A man by the name of Ellsworth Dougherty, a physician and also a basic scientist, from [the University of California at] Berkeley, was conducting some kinds of research having to do with essential elements for life and growth. Ellsworth was a Berkeley character from the word go, but he liked to talk to me. I really didn't understand what he was doing. Then he made the preposterous statement that he could get a grant from somebody in the federal government to do what he wanted to do if someone would sponsor him. So in an unguarded moment I said, "Sure, we'll sponsor you." And lo and behold he did get a grant. [interviewer laughs] So I was saddled with Ellsworth. He proved to be the first of many researchers whom we sponsored and supported. We provided a laboratory and got more and more grants.

Hughes: Had he been a Kaiser physician prior to this?

Keene: Yes, he was a Kaiser physician, but he was doing the physician part of it just enough to do his research.



Hughes: Which was very atypical for a Kaiser physician, wasn't it?

Keene: Yes. The usual doctor in the Permanente groups was caring for patients. He wasn't particularly interested in research.

Then, lo and behold, a fellow by the name of Timothy Leary came to see me. Timothy Leary turned out to be a fellow with glasses, hearing aid, deaf, and he spoke in a peculiar jargon which if he had been speaking in Sanskrit I couldn't have understood him less. I never really knew what he was talking about.

Hughes: What was his connection with Kaiser?

Keene: He was a psychologist, one of the first psychologists employed by Kaiser. He wanted to do some research too on this peculiar subject of interpersonal diagnosis of personality. So I'd find myself talking to him, or not talking to him, but listening to him. He wanted to write a book, [and], lo and behold, he did write a book.\* And I was his boss.

Hughes: Amazing.

Keene: Later, when he became the guru for the drug cult and flower children, I could never really believe that the man I knew, hearing aid, big glasses, dull and difficult to understand, could become this flamboyant and controversial character. He was a born again something. [laughter]

Hughes: Now, where was the research institute?

Keene: We established that at the Richmond hospital out there on Cutting Boulevard.

Hughes: So the hospital connected with the war period, the shipyard.

Keene: Yes, that's the one.

Hughes: What was going on in the way of research when you took over?

Keene: Please don't think that I recall all these things with great clarity because I don't. Various people were doing projects but research programs were uncoordinated and without specific budgets. In addition to Ellsworth Dougherty there was a basic scientist by the name of Mary Belle Allen. A retired navy captain by the name of

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\*Interpersonal Diagnosis of Personality (New York: The Ronald Press Company, 1957).



Keene: Willard Caulkins [spells it] was hired for hospital administration. but I took him over and made him the administrator of the research institute. Poor Willard. [gives a small laugh] He was just a dignified navy man, and [I] turned him loose among this group of researchers.

There was a man by the name of Jacob Yerushalmy, who was a professor of biostatistics at the University of California, who got the idea of doing research on the great numbers [of patients] that Kaiser Permanente dealt with. He got some grants and spent years studying us. I had to deal with him. A very unusual fellow.

These people were brilliant, wonderful researchers, but they had no idea of the sanctity of money, insofar as the federal government was concerned. So my dealings with Dr. Yerushalmy were stormy in that he told me, quotes, "I don't want any budget. I just want some money to spend when I need to spend it," end of quotes.

Although I had gotten Bill Caulkins in as administrator, I was having so much trouble relating to Yerushalmy that I asked if there was somebody who was running research out at the University of California that I could consult with. I was told a man by the name of Hardin Jones, a professor, was the associate director of the Donner Laboratory and a pretty good administrator. So I went out to see Hardin Jones, and began a lifelong friendship with him. I just thought he was a very wonderful guy. So I brought him in as advisor, to let him deal with these people. We shaped the research institute around. We got a lot of grants and really added to our stature that way. This all goes back to Trefethen--how do you get respectable? You become respectable through academic and professional circles.

Then I began to sponsor a series of symposiums and lectures open to the public that we'd give at the Fairmont Hotel or various places. For instance, the lady whose picture is on the stamps. [opens drawer]

Hughes: Oh, Rachel Carson.

Keene: Yes. She became a friend of mine. I had her come give some lectures.

Hughes: The lectures were on anything?

Keene: On scientific subjects of broad interest. They were well attended.

Hughes: Now this, again, was for the purpose of making Kaiser respectable.

Keene: Yes, sure. Accepted by the medical profession.

Hughes: Where was money for such things coming from?

Keene: Oh, we were generating enough money by this time. I'm out of sequence in several of these, because this takes us into the early sixties and we're--

Hughes: We're way back in the early fifties, really.

Keene: Yes.

Hughes: Well, do you want to backtrack to that period? Because another thing that you apparently did very soon after your arrival--in fact, by my notes, it was still January, 1954--I suppose again it was for respectability--you made suggestions about how Kaiser relationships with the various medical societies could be improved. Do you remember that stage?

Keene: Yes. Very early on, I got involved in dealing with medical societies. I transferred my membership from the Wayne County, Michigan Medical Society to Alameda-Contra Costa Medical Society. Then there was a great controversy about the Kaiser plan being an example of limitation of choice of physicians. Because of that I was selected to speak at various places.

#### The AMA and Resolution 16

Keene: I spoke in early 1954 at the meeting of the American Medical Association. [going through papers] This is Time magazine for July 5, 1954, page thirty-seven. Under the section for medicine, it says, "What is free choice?" and it describes how San Francisco was the host to the annual convention of the American Medical Association, and the New York members of the House of Delegates launched a frontal attack on prepayment group practice with a resolution designed to forbid solicitation of patients by groups of physicians and institutions and condemned the restriction of a patient's choice of doctor to the members of a group or panel as a violation of the right of free choice.

"The Kaiser Foundation's Dr. Clifford Keene promptly asked for an amendment to recognize that freedom of choice is satisfied, where the subscriber elects, of his own volition, to be treated by a group or a single doctor within a group." That was the heart of the matter.

- Hughes: Is that the same thing as Resolution 16, which was June, 1954?
- Keene: Yes.
- Hughes: My understanding is that what they were attempting with that resolution was to stop prepaid group practice, period.
- Keene: That's right.
- Hughes: And particularly recruiting physicians.
- Keene: Sally, I do believe that that was a major attack, and I gave a major response, that if I didn't do anything else all year, in 1954, that was worth my salary.
- Hughes: Yes. Was the resolution withdrawn at that point?
- Keene: Yes. They tabled it.
- Hughes: Again according to Smillie, Dr. Collen and Kay objected to your representing Kaiser.
- Keene: They said I could represent Kaiser, but not the Permanente medical groups.
- Hughes: Oh, because you were not a member of the Permanente medical groups, was that the reason?
- Keene: Yes, that was the reason, but no one criticized what I had to say or what I did, because that had to be said.

#### Cecil Cutting

- Hughes: Well, could we talk again about some personalities? I believe Dr. Cutting was medical director of the Northern California Permanente Group when you arrived, was that not so?
- Keene: Yes.
- Hughes: What sort of relationship did you have with him?
- Keene: Oh, Cece and I have always had a pretty good surface relationship, from day one. Cece was a surgeon and I was a surgeon. And he was a competent surgeon and I was a competent surgeon. Cece was intensely

Keene: loyal to Sidney, so that he wasn't comfortable with all the things that were happening to Sidney or weren't happening to Sidney, and he didn't see in me the great messiah that perhaps I liked to see myself as. But in dealing with Cecil over the years, I always thought that he was a real fine guy.

Morris Collen

Hughes: What about others? Collen, for example?

Keene: Well, Morris Collen was one of the smartest doctors in Permanente. I mean he was a top student in school, and he's a real competent doctor, and for that reason, I always forgave Morris a lot of things. Morris was a tremendous thorn in my side at first, in that he was a tenacious, formidable adversary. In verbal discussion or verbal argument, he was skillful. So he was difficult to talk down, let's say.

Hughes: Was there any particular issue that he was trying to put forward?

Keene: No, he just happened to be on the other side of the table almost for everything. I could see his viewpoint. And please let me say that I could see the viewpoint of Ray Kay and Baritell and all the other people. I could see that very clearly. I could see why they might not be just overwhelmed with joy to see me come along.

Hughes: Now, was some of this because of your shared medical background?

Keene: Yes, yes. It was at a time when specialization and those boards up on my wall were new. [points to his certificate from the American Board of Surgery] Morris Collen had his boards in medicine, and I had my boards in surgery. So there was a shared professional accomplishment. I used to get disturbed at the viciousness of the fights because I didn't believe that it should be a real personal thing, but sometimes it got to be a real personal thing. I don't look back on those days with a great deal of pleasure right now, but when Morris and I are in Washington, we can have dinner together. All of these fellows and I get along all right, now.

Hughes: How were you doing as an administrator? I realize that you always had done administration, but my interpretation would be that the surgery came first, am I correct in that?

Keene: Sure.



Hughes: Why did surgery completely drop out of the picture and it was administration that you were doing?

Keene: For two good reasons. First, the job I was intending to do was going to be a full time effort. I could never see how surgery could be done on a part time basis. Second, to act as a surgeon I would need to meet a whole set of requirements, including being on a hospital staff, having defined professional relationships with the Permanente physicians, all of which didn't seem feasible at the time.

Hughes: How did it work out?

Keene: Well, let us say for the first year, 1954, when I first came out, there seemed to be a little lull in Kaiser Permanente, and so I was being involved in the nursing school and [the] research [institute] and meetings with professional societies and that sort of thing, and orienting myself.

#### The Tahoe Period, Mid-1950s: Crisis in the Permanente Organization

Keene: Then, in 1955, that's when all hell began to break loose again. The Kaisers, the doctors, Sid Garfield, Sid's disciples, Sid's critics [fought] over who was going to control what and how the money was going to be divvied up. It had broken loose in '52 and '53, before I came on the scene. Although there was a lull, the volcano still bubbled and puffed, but it really didn't blow up. In 1955, it began to blow up. Nobody trusted anybody else, and everybody else was a no-good, conniving so-and-so, and maybe we were. So that's when all the various meetings, the forums, and Tahoe sessions occurred-- '55 and '56--then began to simmer down in 1957 and '58.

During the Tahoe days and the various conferences, I was there as a participant, and sat in a chair and listened and said what I had to say, but this seemed to be a struggle between the Kaisers, Edgar, Henry, Trefethen on one hand, and the doctors on the other. Sidney was relieved of responsibilities and I was relieved of responsibilities insofar as Permanente was concerned. The hospital and health plan were run by committees. I was a member of the committees but feelings were strong; turf fights were usual; time had to pass.

I moved downtown into the Kaiser building at 1924 Broadway from an office we had rented on 19th Street in Oakland. I had no title, my payroll classification was physician, unclassified. I reported



Keene: to Gene Trefethen. I found plenty to do. I shifted much of my attention to the medical affairs of the Kaiser industrial companies. I set up a medical clinic in conjunction with 1924 Broadway, established medical programs for Kaiser Aluminum, Kaiser Steel and the others. Various companies were doing things in South America, Africa, India and Australia which involved providing medical care. I was given the responsibility of getting it done.

My relations with Dr. Ernest Saward and Sam Hufford, the leaders at Portland, Oregon Permanente, were good from the beginning and remained so. They had problems with an old hospital and a stagnant membership. I concerned myself with them.

During this period (1955-1956), Mr. Henry Kaiser wanted to build a hospital in Honolulu, build it with funds from the Kaiser Family Foundation. So I said, "If we're going to build a Honolulu hospital, we ought to do something for Portland." In my mind, I convinced the Kaisers and everybody else if they were going to spend \$4 million, \$1.9 million ought to go to Portland, and \$2.1 million go to Honolulu. Portland got the new Bess Kaiser Hospital. Henry got his hospital on Ala Moana Boulevard.

So while all this turmoil was going on, we did accomplish something. We kept our eye on the ball. You get involved in the fights and who's going to do what and who's going to wear what hat, but on the other hand you've got a lot of people to take care of and you go ahead and get it done.

Hughes: So you made time for those other commitments.

Keene: You made time. I was progressing everyday. Some days it was pretty darn hard to see whether I was progressing, but at least we were achieving something, we were going ahead, we were thinking about financing, hospital construction, upgrading our clinics and upgrading administrative personnel.

Hughes: Did you have the full trust of the Kaiser Industries people?

Keene: I think so. People like Joe Reis, Clay Bedford, Mike Miller, Steve Girard and others in downtown Kaiser knew me from Willow Run. I was always around, I talked their language, so I had their trust. Many of them didn't understand why I hung on. Maybe I didn't either, but I did.

Hughes: I want to discuss--I realize you weren't there--the episodes that led into the Tahoe period in 1955, and one of them of course was the Walnut Creek hospital.

Keene: Some of those things had started out of strange circumstances. As a matter of fact the Walnut Creek hospital seems to have been Ale Kaiser's personal fiefdom. It was created before I arrived on the scene. I was told she had picked Wally Cook as the head doctor. Wallace H. Cook is a heck of a good doctor. When I say, "She had picked Wally Cook as the head doctor," that doesn't cast any aspersions on Wally Cook: he was then, and is now, a good doctor.

Hughes: However, my understanding is that when she picked him, he was a resident.

Keene: Yes. Probably Ale saw Dr. Cook when she was a nurse and he was a resident at Kaiser Oakland.

Hughes: So that was quite a promotion.

Keene: Sure was.

Hughes: From resident to medical director.

Keene: That sort of thing was way beyond me. All the Kaisers liked to be involved in the details. Ale also selected Jack Chapman as the hospital administrator, which didn't last long.

Incidentally, that business of the Kaisers being involved in choosing the professional staff was repeated in Honolulu. That's where I came a cropper, that's where I got into real trouble, in Honolulu, because the Kaisers had picked the doctors and they felt they were chosen by God.

Hughes: Well, I want to hear all about that.

##

Hughes: Did you know of Henry Kaiser's idea that each hospital should have its own medical group?

Keene: Oh yes. Before I arrived on the scene, there had been discussion of letting the doctors divide into smaller groups and each buy its hospital. That even came up again at Tahoe, each medical group would have a different hospital.

Hughes: What was the philosophy behind that?

Keene: I think that was just vindictiveness or anger on the part of Mr. Kaiser. It had no rationality at all, and I was distraught when I heard that. That's something that I thought would be pretty dumb to do.

Keene: Sally, there were so many damn things going on in the medical program, up to 1954 or so, that the doctors had reason to be disturbed. There [were] all kinds of peculiar research being done at a place called Dapite. Sidney had established a research laboratory down the peninsula [south of San Francisco], which I never saw or visited, in which they did peculiar kinds of research. There was a period of time when Sidney was searching around for all sorts of unorthodox treatments for Henry Jr.'s multiple sclerosis. Sidney wasn't reluctant to try new and unproven medicines. I was an orthodox physician out of a midwestern university, and these things disturbed me and other doctors also. Bill Price, who is dead now, would tell me all these things, and I just couldn't believe everything I heard.

Hughes: Who was Bill Price?

Keene: Bill Price was the comptroller for the Central Office, when I first met him. He had started with Kaiser at Fontana where he met Sidney. He was an Old Blue--University of California graduate. Bill was one of a small group of people, acolytes really, who had been with Sid in the war years, started up the Oakland hospital and the Vallejo hospital, who did whatever Sid happened to want done. Clyde Diddle, Felix Day, Julian Weiss were others--all good loyal people. Each could write a book of his own.

So Bill knew where all the bodies were buried and what was locked in every closet. He's the one that I would listen to for hours. He'd go into every detail, and I'd think, "That can't be, that can't be. No doctor would do that." But that's the way it was. And-- [pauses] Let's go to another subject. [laughter]

Hughes: Another aspect of this whole problem is that the Northern California Permanente Medical Group was also fighting amongst itself; there were personal antagonisms within that group. The two that I've read about as being particularly at loggerheads were Collen and [A. LaMonte] Baritell.

Keene: Right.

Hughes: Do you have anything to say?

Keene: Yes, I do. When you say they were at loggerheads, that's like describing the War between the States as a minor disagreement. [laughter] Monte Baritell--I don't know whether anyone has described him to you or not.

Hughes: No.

Keene: Was a surgeon, a very competent surgeon. August LaMonte Baritell. I think he was part French Canadian. He had strong opinions and was stubborn. He was qualified to become certified by the American Board of Surgery. He was the chief of surgery at Oakland and the mentor of Wally Cook. Morris Collen was head of internal medicine. They were on the top council together, and for some reason or other they tangled.

When I told you that I came out here to California at the end of November, 1953, one of the people that I went to see was Monte Baritell. He was at home because he had resigned from the Permanente medical group. There was a big article in the Oakland Tribune at the time, in which Monte accused Mr. Kaiser of all kinds of machinations and under-the-table dealings. Baritell accused Sidney Garfield of chicanery, and then went on to say bad things about Dr. Morris F. Collen.

When I went out to see Monte Baritell, I began with, "I'm a surgeon from--" Monte knew me as a surgeon because, as you recall, I had come to Oakland several times. He had seen me in an operating room, had seen me handling patients, and was aware that my claims to competence in surgery weren't spurious. So when I went to see Monte Baritell, at his house, on December 2 or 3, 1953, he really unloaded on everybody.

Hughes: What was his basic grievance that led to his resignation?

Keene: Dishonesty. That the medical doctors weren't being treated well at all. They weren't being treated with honesty and forthrightness and fairness.

So he had resigned, and one of the things I had to do when I came aboard in 1954 was think of a way to placate Monte Baritell, bring him back into the fold. We had a hell of a time for a period because of personality conflicts and "What is he going to do?" But he did come back in.

Hughes: Under what--

Keene: He came back as a surgeon.

Hughes: How did you convince him to do it?

Keene: I don't know. I was involved in it, that's for sure. Whether he came back because of me or not is conjecture. But he did come back, and he wasn't about to come back before.



Hughes: And assumed the same position? He was medical director?

Keene: I think he was the physician-in-chief at the Oakland hospital.

Hughes: Yes, I think so.

Keene: I'm not as clear about that as I should be. Let's stop.

Hughes: All right. [brief tape interruption]

Keene: I realize the tumultuous years were 1955 and '56 and '57. In my mind those years [are] such a jumble of events that I don't have a clear coherent memory and I can't recall all that happened with precise chronological order.

For that whole period I'd like to say that it was a chaotic time, with multiple meetings under various titles, but with the same cast of characters playing about the same roles and speaking the same words. Gene Trefethen became the chairman of the meetings and the moderator and, again, the buffer between the Kaisers and the doctors. The result was that there was a definition of roles to be played by each party. There was ultimately a definition of financial responsibilities, of administrative responsibilities, the flows of money, and the establishment of means of operating, and living together, a modus operandi and viviandi. It is impossible for me to follow the fine threads and go through those years and say just how everything was arrived at, because I can't.

Let me say that during the period that this was going on, 1955, '56, and '57, in addition to being involved in those negotiations, I was going on about matters in which I did have primary responsibility, and these included the nursing school, the research institute, the rehabilitation institute, and also the industrial medical programs of the various Kaiser organizations.

#### The Kaiser Industrial Occupational Medicine Program at Home and Abroad

Keene: None of the Kaiser organizations had a real industrial occupational medical program as separate and apart from their other activities. I became involved in those things. I established a clinic, engaged a doctor for the headquarters of the Kaiser Industries at 1924 Broadway, which was the forerunner of a large medical department which would ultimately be created in the new Kaiser Center. I was



Keene: involved in the planning for that. I began to be involved in foreign overseas countries, because Kaiser Engineers, Kaiser Aluminum, Kaiser Cement were establishing enterprises in various parts of the world. And the automotive industries were being established in various parts of South America.

As part of this geographic expansion, I began to go to foreign countries. I like to say that Mr. Kaiser discovered South America in the late 1950s, when he became interested in putting branches of the automobile industry both in Brazil and in Argentina.

As part of my involvement in the occupational medical programs and also my involvement in the Permanente medical program, I found myself looking at hospitals and talking about the establishment of medical programs, both industrial and nonindustrial, in various parts of the world, and in Buenos Aires, Argentina, in Cordoba, Argentina. As Dr. Saward told you I had him involved in those two. And then in São Paulo, Brazil. It was exciting to be involved in medical affairs in a foreign country and in a different culture. It was gratifying to work with two of Kaiser's most competent executives, Jim McCloud in Argentina and Max Pierce in Brazil.

In addition to being involved in South America, I went to Australia several times because Kaiser Engineers were involved in the so-called Snowy Mountain Project, which was the construction of tunnels, aqueducts, dams, and hydroelectric plants in the mountains of eastern Australia. I was involved in the location and construction of hospitals there.

I went to India twice, once for a period of almost a month. I found myself in places with exotic names, Uttar Pradesh, Mysore, Jamshedpur. With Indian partners and in various locations, Kaiser was involved in the construction of a dam, a hydroelectric plant, an aluminum plant, a steel mill and a cement industry. In conjunction with each project the Indian government required the construction of a hospital. I was involved in the conceptualization of the size, purpose and staffing of each of these hospitals. I loved it.

Over the years we were to become involved in medical care in a number of African countries but the first one was Ghana. There too Kaiser Engineers and Kaiser Aluminum were involved in the construction of a dam on the Volta River at Akasombo and an aluminum plant at Tema. Hospitals were required at both locations. Later we were involved in Ivory Coast, Liberia, Upper Volta and Mali.

Keene: Somewhere along here we established Kaiser Foundation International, which was to provide consultation or assistance in the construction of hospitals anywhere in the world. Dr. James Hughes was the principal person and my main associate in those foreign enterprises. But again, these were all ancillary and around the Kaiser Permanente [Medical Care Program].

Then, in Kaiser Aluminum, together with Ed [H. Edgerly] Gessler, their director of industrial relations, we established an industrial medical program. We brought in Dr. Jim Hughes, who was an associate professor of occupational medicine at Ohio State University, to run it. Jim went up the ladder in industrial medicine and international health.

We established a separate occupational health program in Kaiser Steel, down at Fontana, and provided for occupational health services for Kaiser Engineers, Kaiser Cement, and then some of the smaller Kaiser companies, Kaiser Electronics and so forth.

So all this was going on and it was just a big, spreading, challenging, wonderful, exhilarating kind of existence. While we were having all the troubles in the Permanente Medical Program, getting that reorganized, I was involved in these other challenges, which gave me satisfaction and sort of balanced the scales against the frustrations of trying to deal with the Permanente program.

### The Central Office

Hughes: Did you have a very dependable staff?

Keene: Oh yes. When I arrived on the scene in January, 1954, Arthur Weissman, the medical economist, had been recruited by Mr. Kaiser from service with the federal government in November, 1953. Arthur was one of the smartest men I ever met. He was just a tremendously capable, loyal, honest man. He and I got along very well. As a matter of fact, Arthur Weissman, in addition to supplying a lot of brain power, became the conscience of the medical care program. Some of the more flamboyant individuals, such as myself, sometimes liked to make statements that were a little bit beyond the facts, but he kept you in line. He didn't let you make any [such] statements, and he was trusted by everyone.

We had a financial man by the name of Karl Palmaer who did well. Then a number of other people came along.

Keene: One of my first acquisitions was Scott Fleming. Scott was a brilliant young lawyer working in the legal department of Kaiser Industries when I first saw him. I realized that he could explain legal affairs in a way that I could understand. I recognized what a capable individual he was; I wanted him as part of the staff. So he came over, with some misgivings, because this was a risky thing and not everybody was sure that it was going to last more than next week.

Anyway, he did come, and of course Scott and Arthur Weissman proved to be the nucleus of a tremendously capable staff. I would guess [it was] the most capable medical organizational staff in the United States, if not the world. Just tremendous people. I can't say too much in praise of them.

Anyway, with the acquisition of one you can get more and more, such as Irving Bolton, Walter Palmer, Bob Erickson, Andrew Gensey, Wilma Keane, Jerry Phelan and Howard Spalding. Never pick anyone for your staff if you think you know more than he does.

About 1958, Gene Trefethen began to withdraw from involvement in the Kaiser Permanente medical organizations, and I became more involved in its overall management. Now, let's be darn clear that at that point I had no job description and I had no title. My classification was physician unclassified, but I was doing a lot of chores. It wasn't until 1960 that a majority could agree that I should have a title.

Appointment as Vice President of Kaiser Industries and Vice President and General Manager of Hospitals and Health Plan, 1960

Keene: In March of 1960, I was made a vice president of Kaiser Industries in charge of all industrial medical programs. Then later in the year, in June, I was made a vice president and general manager of Kaiser Foundation Hospitals and Kaiser Health Plan and all subsidiary medical organizations. The job that Mr. Henry Kaiser talked to me about in November 1953 actually came to pass. It took almost seven years. And while no one ever wrote out a job description for me, I looked on myself as being responsible for anything that was medical that concerned any of the Kaiser organizations or associated organizations anywhere in the world.

Hughes: Who was behind those appointments?

Keene: Edgar and Gene and, I must say, Mr. [Henry] Kaiser, too. Mr. Kaiser must have been behind it, or it wouldn't have happened. He used to criticize me and knock me around, but if he wasn't in favor, it just wouldn't happen. But it all happened. And I was notified of these things while I was on vacation.

Hughes: How did the medical groups feel about those appointments?

Keene: Very little was said. Nothing was said. By 1960 it was almost a fait accompli. I had been doing the job for several years, and while no one sent me several dozen American Beauty roses to put on my desk, no one threw any bricks.

#### Expansion to Hawaii

Hughes: Do you think the appointments were partly due to your record in Hawaii?

Keene: Maybe. Hawaii was an eye-opener to a lot of people. As I said, Mr. Kaiser decided that there should be a Kaiser hospital in Hawaii. A study had been done by the Stanford Research Institute as to whether a Kaiser type of hospital could fill a need in Hawaii. The conclusion was that another hospital wasn't needed there, that the Queens Hospital in Honolulu was a good hospital, that the Hawaiian Medical Service Organization, their insurance plan, was a good plan and operating well.

But anyway, Mr. Kaiser decided that he was going to build a hotel, that he wanted a branch of the cement company there to supply cement, and he also decided he was going to have a hospital. So he got a hospital in addition to the hotel and cement plant.

Hughes: He built a hospital.

Keene: He built the hospital himself.

Hughes: Now, was that a headache for you as well?

Keene: That was a most distressing thing for me, and I can't overstate that. Mr. Kaiser decided he was going to build a hospital. I went over to see him start this hospital, and he started to build a hospital without a full set of plans that were formally approved by the municipal authorities of the city of Honolulu, which caused one heck of a lot of comment, I'll tell you, and a lot of furor. He had chosen the doctors on a social basis.



Hughes: Were they his personal doctors?

Keene: Doctors that he'd met at various social functions in Hawaii.

Hughes: But they hadn't cared for him specifically?

Keene: Well, maybe one of them had, but I don't know whether they were actually his physicians or not. They were prominent doctors, nice doctors, good doctors, but they didn't know anything about group practice.

So he picked these doctors and then wanted me, directed me, to come over and teach them what they needed to know about running a prepaid group practice. I did. I went to Honolulu, and I took Scott Fleming with me. We conducted a course for these five doctors, beginning at 4:00 or 4:30 p.m. everyday for several weeks, in which all these doctors would come sit in a room at the Hawaii Kai Hotel and I would be there with a blackboard, and also sitting there would be Mr. Henry Kaiser.

Mr. Kaiser would sit there, and I would begin from day one, hour one. "What we're about to talk about," I would say, "is an organized plan for the delivery of health care, adequate, high-standard health care, to a known subscribed group of people who pay us a known amount of money every month so that we have a budget; we know what we're going to do," and then I'd [continue] from there on.

Of course if you really understand the organization of medical care as it was developed at Kaiser, you could write a formula that'll cover the whole side of this house, beginning with how many people you're going to serve, and then, showing how that equates into square feet of hospital space and clinic space, tongue blades, nurses, doctors, bedpans, operating rooms, all the components of the system. The formula would not be completely accurate for any location at any chosen time but the concept would be sound. That's what we talked about. However, when I finished those sessions, Mr. Kaiser loaded me on the plane to the mainland, and wouldn't let me come back again, on the theory that if I came back I'd want to be doing a lot of things that would cost money, and he wanted to run the show himself.

So Mr. Kaiser went on with the building of the hospital--this was 1956 and '57--and I would sit and stew on the mainland and actually weep when I'd get thinking about it. Then I'd go up to see Trefethen, and I'd say, "Gene, that telephone is going to ring



Keene: someday and on the other end is going to be Mr. Henry Kaiser, and he's going to want to know what kind of equipment should go into that hospital," and I will have to say, "I don't know."

###

Gene wasn't too sympathetic because he was having his own problems with Mr. Kaiser, raising the money that the Boss wanted. He wanted to know why we couldn't just make up some kind of list. I said that every hospital is different. The equipment must fit that hospital, the way the doctors practice and the way things are done locally. We could take an old list but it would be 50 percent wrong. Well, the upshot of that conversation was, "Keene, you just keep quiet; keep to yourself."

So I worried and fretted for almost a year. I considered taking my wife and family to Hawaii for a vacation. I was told I couldn't do it because I would get involved in that hospital, and I was to keep my nose out of it. I was told I couldn't take that vacation.

I went to the Snowy Mountain Project in Australia during the time that the hospital was being built. The plane came down in Hawaii. It came down at like forty minutes after midnight, and Lambreth (Handy) Hancock was there to see me when the doors opened. Handy was Mr. Kaiser's aide-de-camp, a fine fellow, capable, hardworking and browbeaten. He still lives in Honolulu. Handy needed an ear to pour his troubles into. He talked nonstop for two hours. I listened and grunted a few comments. [laughing] He goes through this whole litany of what's going on at the hospital, and the building of the hospital. [more laughter] Well, after I listened to him, I was more cheerful myself, I had found someone with more problems than I. But anyway, I didn't get out of the airport, because I was forbidden to get out of the airport. We never mentioned to anybody that he had come down to talk with me. He couldn't call me on the telephone either.

Hughes: Oh, my heavens.

Keene: Well, anyway, one day toward the end of 1957, lo and behold, the telephone rang, and my secretary, Wilma Keane, came in [gives a gasp] as if God just-- She said, "Mr. Kaiser's on the phone. The old man." "Yes, Mr. Kaiser." "Will you send over a list of equipment for the hospital." [laughter]

"Mr. Kaiser, there is no list of equipment." "What do you mean?" Then he really took off on me. This is early in the morning, about nine o'clock. One o'clock I'm on an airplane to Honolulu, no baggage,

Keene: nothing. [laughter] So anyway, I go over, got to work, hollered for help and people rallied around. We made up a list of equipment, which isn't a simple thing to do, I can tell you. [laughter]

Hughes: How did you go about doing it?

Keene: Oh, I hollered for help, got everybody there, in a short period of time.

Hughes: You mean you got people from the mainland to come.

Keene: Oh, sure, yes.

But anyway, the hospital opened on the last day of the year [1958].

#### Problems Associated with the Medical Care Program

Keene: Now, I'll tell you an unbelievable part of this story. The hospital was designed originally for, let's say, eight stories. In the budget we had a contingency reserve, \$250,000. When [Mr. Kaiser] got up about four stories, he decided that he wasn't going to use that contingency, so he'd add another floor to the building. Now, I don't know if you can visualize the meaning of adding another floor to a building that's under construction, because you change everything: the weights of the floors and the support specifications, the elevator, the plumbing, everything.

Hughes: Why would he do that?

Keene: For the hell of it. He said because we could use another floor.

Hughes: But he'd been in construction long enough to know what that was doing.

Keene: Yes, he knew all that. You wouldn't believe all the consternation this caused, not only among the people constructing it, but downtown in the building [permit] department. That was one thing.

Another thing was-- Have you been in Hawaii?

Hughes: Yes.

Keene: They use a lava [rock surface in construction]. When lava flows over a field, it stratifies, it makes a layer of thin rock, about three inches thick. Well, Mr. Kaiser decided he was going to use a lava rock surface on the outside. So he puts it on the outside [of the hospital]. Well, this was verboten in the city building code because rats crawl up this stuff. They had the outside of the first two floors covered by the time the people downtown saw it. [laughing]

But anyway, the hospital was opened. He did build the thing in about a year.

Hughes: Well, now, why was he being this way?

Keene: That was the old man; he did what he wanted to do, and he was building Hawaii Kai, the huge real estate development, in the same way.

Mike Miller was building the cement plant there at the same time. He was an old-time Kaiser engineer, loyal, capable, fine guy, still lives out in Orinda. He and I would sit in that hotel dining room at night and almost cry, weep, full-grown men, over what the boss was doing.

Anyway, Hawaii started up and lost money from the first day. The doctors would take no advice. I was living in Honolulu, just living in Honolulu--

Hughes: Trying to handle the medical problems there.

Keene: Yes. I had all this other business going on all over the world that I was trying to run by telephone, including the medical program on the mainland. Hawaii was losing so much money that I realized we could never make it with the Pacific Medical Associates, which was the name of that doctor group. I also realized that we would have to get rid of them and start over.

Hughes: Well, if you don't mind, let's backtrack a little. How did Mr. Kaiser persuade the five physicians to join Kaiser in the beginning?

Keene: Well, I wasn't there when they were persuaded, but persuade them he did.

Hughes: The incentive wouldn't be financial--

Keene: I think it was financial.

Hughes: How would they stand to gain by becoming a Kaiser physician?

Keene: By certainty of income, working for a salary. We had developed an incentive plan whereby x amount of dollars was put at risk. If the hospitals and medical group operated efficiently, there would be a surplus which would be divided among the hospitals and the doctors, and you could make some money doing that.

Hughes: But more than they stood to gain as fee-for-service physicians?

Keene: I don't think so. But anyway, they were convinced to come with Kaiser.

Hughes: My understanding too is that another, perhaps minor, fly in the ointment was that they continued to see their private patients.

Keene: That's right. They were going to continue to see their private patients.

Hughes: Now, was that part of the deal? Was that known to Henry Kaiser when he invited them?

Keene: Well, it must have been known to Henry but that's not the kind of arrangement that I wanted to have. [brief tape interruption]

In courting the doctors for Hawaii, Mr. Kaiser had had several of them come to the mainland and see how it was done there. I think I had met two of them that way. They had gone to see some of the Permanente doctors, how they operated, and I really didn't get to know this group of doctors until I was asked to go over there and give the course.

Hughes: Did you have an opportunity to make a judgment about their medical capability?

Keene: Yes. As physicians, they were pretty good physicians. Also I think two of them were perhaps borderline alcoholics. I didn't know that at the time. One Chinese doctor was a very good doctor and the pediatrician was a good doctor. The surgeon was a little unstable. The orthopedic fellow was very unstable. They had the feeling that Mr. Kaiser had a lot of money, and certainly from what was in the Honolulu newspapers, that was the impression that the whole world had. The tycoon, he was called. He was building Hawaii Kai and, God, he was changing the whole social fiber of the Hawaiian Islands, all by himself. So they thought that here was a well of money of unprobed depth that they could tap into. Well, things went from bad to worse, and we didn't do well.

Hughes: Why was that?



Keene: Because they just didn't know how to behave in our kind of medical care program.

Hughes: Was there potentially sufficient membership to support a program?

Keene: Oh yes. Well, it wasn't growing as fast as Mr. Kaiser had said it was going to grow, but it was growing, and growing slowly. Of course we opened with a whole hospital, and we'd never built a whole hospital before we opened a medical plan anyplace else before. But because Mr. Kaiser wanted a Kaiser hospital right there on the yacht harbor, we built a whole hospital and then started to get the membership, which was something different. You build slowly, get things going, and you contract for beds, and then you ultimately build a hospital. But that's just not the way it happened in Honolulu, so that there were huge capital expenses incurred in that enterprise.

Besides that the physicians didn't realize that working in group practice is a nine-to-five operation every day of the week, and that you must see patients constantly and keep at it. In their former occupation of fee-for-service, if they wanted to take the afternoon off, they'd just cancel and go off. They tried to do that [as Kaiser physicians] and that's just disruptive. So that didn't work.

Hughes: How was the hospital itself working out?

Keene: Well, the hospital itself had all the problems of a hospital that was put up in a heck of a hurry. There were a number of mistakes: The elevators were too small for a bed, the ceilings were low, the halls were not air conditioned, the kitchen was inadequate, and things of that sort that were difficult to live with. But it was put up economically, that's for sure. We were changing and correcting that hospital forever.

Hughes: Who had Mr. Kaiser gotten for an architect?

Keene: Well, he had used a Honolulu architect, and I think he had some consultation with George Wolff and Norm Zimmer from Portland, Oregon, too. Also I believe that Sid Garfield was involved. All of these people were capable professionals but I'm sure that Mr. Kaiser overrode them. He wanted to do it his way and he wanted to do it in a hurry.

But anyway, the hospital was not well thought out. The architects were not given time to consider whether the elevators were big enough and the cooling system adequate and whether the stairways were



Keene: advantageously placed for the flow of traffic. It takes a lot of planning to make a good hospital. A hospital is the most intricate kind of machine you can imagine. It's all wires, pipes, of all kinds. That was difficult.

It all ended in one week in August of 1960. That's the worst week I ever lived. It all culminated on Saturday, August 20, 1960, when I fired everybody.

Hughes: "Everybody" being the five doctors.

Keene: All the doctors.

Hughes: How many were there approximately?

Keene: I don't know how many there were, I've forgotten. Oh, I guess about thirty. They were called the Pacific Medical Associates, and I dissolved our contract with them, at one o'clock.

Hughes: Now, how could you do that when they--

Keene: Well, call them in and [say], we are finished, done, get out.

Hughes: Doesn't that have legal repercussions?

Keene: It sure as hell had! [laughter] They had their own lawyers there. Everybody knew what I was going to do. This wasn't any surprise to anybody. They had their lawyers there saying, "You can't do this." "You can't do that."

Prior to that week I made up my mind as to what I was going to do. I called Gene and Edgar. I don't know which one I called first. I said, "I've made up my mind what I'm going to do." "What are you going to do?" "I'm going to fire everybody." "Holy smoke, do you know what you're doing," and so forth and so on. "Yeah, I know." "It's going to be a real legal hassle." I said, "Well, we're going to go down the drain anyway."

So I'd no sooner finished talking to Gene or Edgar, whichever it was, and five minutes later the other one called me and wanted to go through this thing with me. Did I know what I was doing, and so forth. So in about twenty minutes Mr. Henry [Kaiser] gets on the telephone. "Do you know what you're going to do?" "Yes, yes, yes."

Well, the upshot of that was, "Clifford, you're all on your own. If you come a cropper on this, you're just out the back door. You'll lose everything." I said, "Yes, I know that." So that's when I called Ernie Saward, in Portland. "Ernie, get over here."

Hughes: Now, why did you chose Dr. Saward?

Keene: Because Saward had a knowledge of what it was to run a medical group better than anybody else, in my mind, a smaller size medical group.

Hughes: Because of his experience.

Keene: Yes. In Portland. He was doing very well. He ran the tightest show, and he and I got along well. When I told him what I was going to do, he didn't fall off his seat.

Hughes: Was that his first real introduction to the problems in Hawaii? He hadn't been directly involved prior to that?

Keene: No, that was his first-- I hadn't had him involved in it.

#### Forming a New Medical Group

Keene: Then I began to look around as to what I was going to do, and I knew pretty well what I was going to do once I got through the big step. I was going to select the best doctors from the Pacific Medical Associates and form a new group and carry on from there.

Hughes: The way to do that was to get rid of them all and then hire some of them back? Is that why you decided to fire them all?

Keene: Dissolve the contract with the Pacific Medical Associates and "get out of the hospital, now!" Just like that. A few profanities thrown in maybe. But anyway, that's what happened.

Hughes: And did they?

Keene: And the hospital was full of patients.

Hughes: Oh! What happened?

Keene: When they started to get up, I said, "Wait a minute, I would like the following to stay. I want to talk about another organization." So the fellows I threw out left, and I sat down with the others and said, "We're going to start a new organization. Don't you leave this hospital. You've got patients upstairs."

Hughes: Is this the majority, now, that you had singled out to stay?

Keene: Yes. The leader of them was Phil Chu, a very fine Chinese doctor.

I said, "Right here I've got Dr. Ernest Saward who runs the Oregon group, and I've asked him over. We'll put it together differently."

So once the news of that little business got around the Permanente medical [groups], [laughing] things were a little different. I turned it around. On that day I turned it around. Even Mr. Kaiser was-- [laughing] Yes, there was a much different attitude within a month or so.

But I was sued. We settled for \$120,000, which I thought was cheap, and I was written up in the Honolulu newspapers as the suitcase executive from the mainland who chopped off this group, and oh gee, what you don't read about yourself in the newspaper! [laughter]

Hughes: Was it mainly the five physicians that left? Were there others as well?

Keene: Yes, some others went with them. But not many, because those five were very unpopular. They weren't doing a good job; no one thought they were doing a good job, least of all I. But I did it, and Edgar, Gene, and the old man, they weren't around when all this happened.

Hughes: It was your decision.

Keene: Yes, and it was going to make me or break me. So you roll the dice.

Hughes: Is it at that point that Saward became a temporary medical director for a year or so?

Keene: Yes, he did become temporary medical director there and did an excellent job. And I stayed there. Oh, I stayed there maybe another ten days or so and made appointments, sat there, talked, and helped Ernie put the medical group together. He stayed there and worked on them, and we did very well.

The Significance of Hawaii for the Kaiser Medical Care Program

Keene: From that day on that changed the whole complexion, and as a matter of fact, it changed me, changed the program, changed everybody.

Hughes: Can you be more specific? In what way?

Keene: It changed everybody in the sense of leadership. Everybody was aware, then, of me and the fact that I was forthright. Every [Kaiser] doctor on the mainland realized that those doctors over there weren't doing a good job, and that it had to be corrected, and I corrected it. Now, many of them might have questioned high-handedness and, oh, authoritarianism and all that sort of thing, but it just had to be done.

So I had a much stronger image thereafter, and I began to speak for the whole program, and there weren't the challenges that we had before. That was a pivotal occurrence. I mean, it changed our own attitude toward ourselves, as to the implication of standards and doing what's necessary to be done. So when I went on then to establish the physician-administrator forums and the beginnings of the Kaiser Permanente Committee, and I began to talk about expansion; why, there was a platform, a reason, there was a background, and it made it all possible.

If Hawaii hadn't happened, we might not have been convincing. I mean, Hawaii was a very distasteful occurrence and not one that you enjoy or you invite, but since it did happen, and since it was handled in the way that it was and it did improve not only that program but the whole program, it was a fortunate thing in that sense. Yes, and that took a few years off my life, straightening that one out, and when I did get it straightened out, Mr. Henry Kaiser didn't like me anymore.

Philip Chu

Hughes: Were you responsible for choosing Philip Chu as medical director?

Keene: Yes. How did I happen to choose Philip Chu? Because I used to be in the hospital in Hawaii early in the morning and late at night, and I used to have a car and a driver. The driver would come pick me up at the hospital, say, at, oh, 6:00 or 6:15 p.m. Well, maybe



Keene: I didn't have a car and driver then. I was staying at the Hawaii Kai. But anyway, I was going to walk over to the Hawaii Kai and it was six o'clock at night and I walked out through the front of the hospital and here was this attractive Chinese doctor, whom I had met casually, sitting out on the front area there, on the stone step. I said, "Good evening," and he said, "Good evening," and we talked a bit, and I said, "You're a surgeon, aren't you?" He said, "Yes." And I said, "Well, I'm a surgeon too." And he said, "Yes, I know you're a surgeon," so we began to talk. And I said, "Who are you waiting for?" And he said, "I'm waiting for my wife, Phoebe." So I said, "Well, I'll sit down and talk a little bit."

He was just a very fine guy. The more I talked to this fellow, I thought, "Jesus, he's got a lot of charisma." So right then and there I decided that if I got to the point of--when I had to select one top guy, so lo and behold, I said, "Let's make Phil Chu that," and we did. Excellent leader. It seems strange that when Phil died, the medical group over there couldn't agree on a leader, and I went over and did the same thing. Took one of them, Bill Dung, the least likely looking fellow in all the group. I said, "How'd you like to be the boss."

Hughes: Why did you choose him, now?

Keene: Because he impressed me, sincere, honest, capable. And he's the best-- He's the longest-remaining medical director now.

Hughes: What are you considering in a position such as that?

Keene: I've made very few mistakes in choosing a leader, somebody who'll go do it. In choosing people, it's just a feeling about how they talk. When I used to tour hospitals and go all over the world, there was always one person, male or female, that stood out, that talked, that you had the feeling that they knew everything that they should know and they knew how it worked and the way it went and they weren't afraid of you. They may have had a considerable deference, but they weren't awed. They had the confidence of knowing what was going on and being able to talk and explain. You can recognize that.

People that have come to work for me have stayed a long time. I've still got a wife of fifty-one years. [interviewer laughs] I can be difficult, but-- I've only had about three secretaries in my whole life. They come and they just stay. Whether it's our gardener or whatever, they come and that's their life to stay. That's been true whether it was at Willow Run-- I only had one secretary, one top doctor. He was hired, came to work, worked.



Keene: I think that's because there wasn't any ambivalence on my part as to what I was supposed to be doing, and what they were supposed to be doing. You get that defined, and you go ahead and do it. I very seldom had to censor anybody, and very few ever embarrassed me.

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Hughes: Dr. Saward said that there was some trouble with the hospital staff after the five physicians had been dismissed. Was that mainly a matter of divided loyalties?

Keene: Yes, the regional manager over there wasn't up to what I thought he should be, and then I appointed myself regional manager. In addition to being general manager overall I appointed myself regional manager of Hawaii. [laughter]

Hughes: The Northern California Permanente group was asked to send physicians to Hawaii at some stage and refused, saying, essentially, "Mr. Kaiser got himself into this problem, he can get himself out of it," whereas the Southern California medical group was more cooperative and apparently sent physicians over at some point.

Keene: I guess that's right. I needed an ophthalmologist and someone else, and northern California for a while said no, and southern California, much to my surprise, said, yes.

Hughes: Was it for the reasons that I outlined?

Keene: I think so. That's not one of the things that comes clearly to my mind.

Hughes: Would you say that in general that was typical of the two groups, that in general the southern group was easier to get along with, as far as the Central Office was concerned, than the northern group?

Keene: Well, let me think about that. The northern group was right there and could see everything that was going on in the Central Office, and because of the closer surveillance maybe was more skeptical than the southern group.

#### Ray Kay

Keene: The southern group was led by Ray Kay, who was one fiesty guy. He was damn capable but, holy gee, he was like playing with a stick of dynamite around a bonfire.

Hughes: Now, more so than members of the northern group, would you say?

Keene: Well, Ray was about five feet, six inches tall, and when you said something he didn't like he'd explode and jump all over you. He'd do so in a more violent way than anybody in northern California, although northern California were always ready, willing, and able to undertake a fight.

Hughes: Is that just basically personalities?

Keene: Yes. But when I did need some help, both of them did send somebody over [to Hawaii].

Hughes: I know you said last time something to the effect that if Dr. Kay had had a gun he would have shot you. [laughing]

Keene: Oh yes. That's when I first met him. Yes, that was on that December 2 or 3, whatever it was, of 1953. He would have. He was just so angry with me.

Hughes: And that rancor never really dissipated?

Keene: Oh, it's dissipated now. It always existed in some way. You can't have fights of that magnitude with another person and forget those things. Oh yes. We put on a scene at the Brown Derby down in Los Angeles one noon at lunch hour that was an unscheduled part of the floor show, I can tell you. Shouting and finger pointing.

Hughes: The two of you?

Keene: Well, I was listening and he was shouting. Contract. .

Hughes: That was during the negotiations over the contract with the Southern California Medical Group?

Keene: Yes.

Hughes: So that would have been '56.

#### Life as a Top Kaiser Executive

Keene: During all this time I was earning my money.

Hughes: [laughter] About ten times over, I'd say. In any one of those roles, I would say! And triple time.

Keene: Morning, noon, and night.

Hughes: Did you ever see your family during that period?

Keene: Not very much. You see there's a difference. When you become the number one guy, you're that person every minute that you live. At five o'clock you don't become a guy who lives in a house. Even when you go to the toilet or whatever you're doing, you're still responsible, and you can't get away from it. There's no such thing as a boss of that kind taking a true vacation. You just move your business. No Kaiser boss ever was away from a telephone. You've seen these surrealistic paintings of telephones on a man's ears. That's the way it was. No matter where I was or whatever I was doing, regardless of the time of the day, night, Christmas, New Year's, whatever, I had to be near that telephone. And that was true of Edgar, true of Gene, and true of everybody else that was running a company.

Hughes: Was that true even after Henry died?

Keene: Oh sure, sure. When you have so many things going on all over the world, somebody wants to talk to you at any given time, and you just are involved and involved; it's your whole life. I didn't have much to talk to my wife about except business. She's heard more about financing hospitals than most people that ever went to business school.

Hughes: Did you take vacations?

Keene: Seldom because I was all over the world anyway. I tried to take Jean with me occasionally, but for a vacation I couldn't think of anyplace I wanted to go. Yes, I took a vacation in 1960. I went to Europe. My wife wanted to go to France, so we went to France and took a month off, but I talked to my office about twice a day.

Hughes: That was the way it was until 1975?

Keene: That's the way it was. Everyday.

Hughes: How, in heaven's name, did you handle retirement?

Keene: That's the way it was everyday.

Hughes: That must have been quite an adjustment to all of a sudden not have that.

Keene: Sally, I didn't sleep in the same bed for more than two nights for over ten years, because I was always moving. Sure, I always traveled first class. I had cars there to meet me, cars to take me, people to hold my hand and take my bags, put me in a hotel, drive me to an office. I'd go to India and my wife would say, "What's India like?" I'd say, "Well, there's the airport and there's the taxi and then there's the office and then there's the hospital and the dam, and then I got back on the plane." [laughter]

Hughes: So if you were forgetting that you were number one, you were being constantly reminded by all those around you as well.

Keene: It's something. I know that's true of every man or every woman in those same circumstances. It's just a different way of life.

Hughes: Do you think that still goes on?

Keene: Yes. I'll bet Jim Vohs\* is just like that. He isn't involved in the foreign things and he doesn't have the nursing school, but he's running a bigger organization and he's spread out pretty thin and must run fast just to stand still. [brief tape interruption]

Hughes: Dr. Keene, what do you think your major contribution to all this is?

Keene: Well, a major contribution of course was the goal of expanding the program and devising the financial means to expand. Also the organizational means to expand was my own contribution.

#### Dissension over Expansion of the Medical Care Program

Keene: Here I have a memorandum dated October 9, 1964, from Edgar Kaiser to myself with copies to Mr. Henry Kaiser, Mr. Trefethen, and Edgar's son-in-law, Martin Drobac, telling me that I should forget all ideas of expansion.

Hughes: Which you refused to do.

Keene: Which I refused to do.

Hughes: Why did they want you to stop ideas of expansion?

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\*Vohs as of 1985 is chairman, president and chief executive officer of Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals.

- Keene: Let me read this second paragraph. This is from Edgar to me. "Both Gene and I recommend against any time or effort being put in on eastern areas. We do not believe it is necessary to inaugurate a health plan in the Middle West or the East for purposes of demonstrating that the plan will work in an area other than the four areas in which we are currently operating." And so forth.
- Hughes: Was that just a feeling that the Kaiser system was a California or at least a western phenomenon?
- Keene: Maybe, but largely because Edgar was getting cold feet, I think. I wanted to expand into other areas and I wanted to go to Washington [D.C.] and I wanted to do more than Hawaii, Oregon, northern and southern California. Expansion was a principal reason for beginning the Kaiser Permanente Committee and the physician-administrator forums that had gone before. That was the reason for establishing a means of generating money, five cents per member per month, into an expansion fund. That was the means for achieving expansion.
- Hughes: Had all that happened before 1964?
- Keene: Oh no, most happened subsequent to '64. Well, it was happening about that time, and I was talking expansion, and that's when the Kaisers began to get fearful.
- Hughes: Now, were they thinking of it from a financial angle mainly?
- Keene: No, Edgar was just uneasy about the whole thing. Gene was the least uneasy, and I was determined to do it.
- Hughes: And you weren't stopped.
- Keene: When it came right down to it, no. They acquiesced and they went along.
- Hughes: Cleveland would have been the first step, would it not?
- Keene: I wanted to do Cleveland and Denver at the same time, and there was a reason for that, and I'll explain that later.
- Hughes: Let's digress a bit here. What was it like to work for Mr. Henry Kaiser?



The Tensions of Working for Mr. Kaiser

Keene: Let me tell you some stories. In late 1959 I asked a man by the name of Ed Parks from northern California to come over [to Hawaii to be] an assistant in the administration of the hospital. He arrived at eleven o'clock. I met him at the airport; I took him to a meeting with Mr. Kaiser; he listened to Mr. Kaiser; we finished at quarter till one, and he said, "I quit." He got back on the airplane that afternoon and went home. [laughter]

Hughes: Just as simple as that.

Keene: Yes. [laughter]

And then there was Jim DeLong, who still works for Kaiser, worked for Ernie Seward and Sam Hufford. He was running the hospitals in Portland, Oregon. Fine guy. Nice guy. I wanted to bring him over and make him regional manager of Hawaii, but he just stiffened and he wouldn't go. He never became a regional manager anyplace.

I had another man, who still works in Kaiser Center now, Hugh Morrison, and I thought he was a good man and that he might go up the ladder. I wanted to bring him to Hawaii, increase his salary a great deal, and be a comptroller. He went over there, stayed one day, went right back.

Hughes: What were they seeing so quickly?

Keene: The tension. Mr. Henry Kaiser. Seeing how Mr. Kaiser drove everybody and the problems and tensions which he created. His unreasonable demands.

Hughes: How did you deal with those tensions that went on, as you say, for at least six years?

Keene: I don't know, my dear, I don't know.

Hughes: You must have had some outlet. Did you have anybody that you considered a confidant, other than your wife?

Keene: Oh yes, I used to talk to Gene Trefethen a lot. I used to talk to old A.B. Ordway, Mr. Kaiser's number one employee who knew better than anybody else what Mr. Kaiser was like, and he used to hold my hand.

Hughes: I would think you would have needed a lot of that.

Keene: Yes.

Hughes: Trefethen understood what you were going through because he was going through very much the same thing.

Keene: He was going through the same thing. Yes, I didn't have to go into a long explanation with him. He understood.

Hughes: It somehow seems, from what you've said today, that for you anyway, the Hawaiian experience was more traumatic than the business with the northern California Permanente group.

Keene: Oh, much more so, because I was dealing with Mr. Kaiser. With Mr. Kaiser I couldn't pound the desk and shout and relieve my tensions. He could fire me. Some days I wouldn't have minded that, but he could fire me. But when I was dealing with the doctors, we were just people arguing about a concept, an idea, a buck,-and there were reasons. With Mr. Kaiser, reason played damn little part in the whole thing: you did what he wanted you to do. I don't know how the hell anybody survives that sort of thing.

Hughes: Why did people continue to be loyal to him, because there was a tremendous loyalty.

Keene: Sure was. I'm sure Genghis Khan and Kublai Khan had around them a coterie of people that thought they were great, because they were strong leaders. Mr. Kaiser was a leader, and being a leader means you get other people to do what you want them to do.

Hughes: But having faith as I do in American society and its values of free thinking, I would think also that in order to get people to do what you wanted them to do under these circumstances and for years on end, they had to believe very firmly that the Kaiser medical system was one that should be promoted.

Keene: Yes, that's right.

I believe in what Mr. Kaiser believed in, which was that medical care could be organized so that it would deliver a high grade of medical care and be self-sufficient professionally and financially. That was his concept. I disagreed with him as to how you handle people, but the ultimate goal, he and I saw eye to eye on that. I wanted to do a good thing and he wanted to do a good thing.

Hughes: In regard to somebody such as Trefethen, what was keeping him in the fold, so to speak? Why did he put up with this year after year?

Keene: Have you met Mr. Trefethen?

Hughes: No, I haven't.

Keene: Well, he's one of the finest men you will ever meet. He started out [with Mr. Kaiser] as a young man--I don't think he ever worked for anybody else--and made himself indispensable. I guess he had some inner resources too that he called on.

Hughes: Was there loyalty as well to--

Keene: Oh yes, he was intensely loyal to Mr. Kaiser, as I was loyal to Mr. Kaiser too: whatever he wanted done I tried to do.

Hughes: Did Mr. Trefethen have the particular zeal that you had about the necessity of promulgating the medical program?

Keene: He certainly spent a heck of a lot of time on it. Yes, I think so. I don't think that if somebody had decided that the Kaisers would get out of the medical business on any one Tuesday afternoon at six o'clock that Gene Trefethen would have committed suicide. He'd say, "Well, okay, we just get out of the business." But Edgar, I think, was dedicated to staying in it, for whatever reasons, and, strangely enough, I was convinced that old Mr. Kaiser was going to hang onto the medical program come hell or high water.

#### San Diego, 1961-1962

Hughes: That makes me think of the San Diego business, which was 1961.

Keene: Yes, the Northern California [Permanente Group] wanted to take over a plan in San Diego?

Hughes: That's right. What made me think of it just now was that when Mr. Kaiser Sr. heard of this plan, he said something to the effect, "Well," and he was talking to Cecil Cutting, "if you go through with this, Cece, I will destroy the medical program." Do you think he would have gone that far? Were you in on any of that episode at all?

Keene: Well, I wasn't around when that was said, although that could well have been said. If Cecil was there and that's what he reported, why, that's what was said. I know that everybody was disturbed because the northern California [group] wanted to intrude on the

- Keene: territorial prerogative of southern California, for a monetary reason. There was to be some kind of investment of doctors' funds, and this wasn't exactly an idealistic thing. It was abhorrent to me that Northern California Permanente should suddenly decide that they were going to San Diego and hop right over southern California, because that was going to be nothing but trouble.
- Hughes: It was, of course, not going along with the Kaiser system that had been set up. I mean, the PMG was going to own the hospital.
- Keene: That's right, that's right. The whole idea seemed so preposterous to me when I heard it that I thought it would fall of its own dead weight before it came to fruition, which was what happened.
- Hughes: Yes, it really did. Dr. Collen was even given a leave of absence to go down there and become the new medical director.
- Keene: Yes.
- Hughes: I guess we'll never know whether Mr. Kaiser was really serious about it, but if he really meant those words that was a point when the whole medical program was threatened, because I suppose he could easily have done it by withdrawing all financial support for the medical program. Did he have enough clout with the banks?
- Keene: Probably. Well, at that point in time he was the reason that we were getting financing, and we really didn't go out and get fully financed all by ourselves until '62. That's when we got a consortium of banks and insurance companies to refinance us and to put us on an even keel.
- Hughes: And that was largely your doing, was it not?
- Keene: Maybe. I was leading the orchestra when we played that tune.
- Hughes: Was that because the program, even in a banker's eyes, was obviously proving itself?
- Keene: Yes. That was one of the results of exhibited leadership.
- Hughes: So you did exactly what you were expected to do: you made Kaiser respectable.
- Keene: I like to think that, yes.
- Hughes: Well, it sounds that way to me.



The Separation of the Industrial Medicine Programs and the  
Kaiser Permanente Medical Care Program

[Interview 3: April 13, 1985]##

Keene: I believe that there is an element in this history which has not been sufficiently emphasized. In the period immediately following World War II, and right up through the early part of the 1960s, the Kaiser Permanente Medical Program had a peculiar orientation within the various Kaiser industrial companies.

The Kaiser industrial companies were in a period of great expansion and the managers were aware of the fact that Henry Kaiser, Edgar Kaiser, Gene Trefethen, and other staff executives of the Kaiser industrial organizations were spending a great deal of time in the affairs of the Kaiser Permanente Medical Program. The industrial leaders looked on the medical program almost as a child, the child company, of the industrial companies and an enterprise which should be used for the benefit of the industrial enterprises.

Let me give a specific instance. At the time that we started to build a clinic in and around the southern part of the East Bay at Hayward, Wally Marsh--that is, Mr. Wallace E. Marsh--the president of Kaiser Cement, persuaded the Kaisers and Gene Trefethen to open the bidding list on that small job to thirty-nine companies, all of which were customers of Kaiser Cement. The only criterion for the inclusion of bidders on this construction was the fact that they bought Kaiser Cement.

The specifications for hospital and clinic construction stated Kaiser cement, gypsum, steel and aluminum should be used in spite of the fact [Kaiser Foundation] Hospitals was a tax exempt organization and should not be used for private gain. This was a constant thorn in the side of the people trying to run the Kaiser Permanente Medical Program, the possessiveness and the dictatorial attitude of the industrial companies toward the floundering, but growing medical enterprise.

Hughes: Dr. Keene, are you talking about the mid-fifties?

Keene: I'm talking about the mid-fifties, yes, and into the sixties.

When I returned to California in 1954, I became involved in both industrial medicine and in the affairs of the Kaiser Permanente Medical Care Program. While we were dealing with the problems of the Kaiser Permanente Medical Program, I was also involved in defining



Keene: the programs for industrial medicine and hygiene in the various Kaiser industrial companies and establishing a means to carry [them] out. During this period of 1954 to the early 1960s, one of the major accomplishments in which I was primarily instrumental was the establishment of the Kaiser Permanente Medical Care Program as being independent and separate from the Kaiser industrial companies.

Once that concept got across, then the Kaiser Permanente affairs were carried on with an independence and separate responsibility from the industrial companies, which in itself promoted an internal cohesiveness in the Kaiser Permanente Medical Care organizations. It gave credibility in the eyes of other medical organizations, and of the lenders, as to the stability and the organizational responsibility of the Kaiser Permanente Medical Program.

Hughes: Can you tell me in specifics how you achieved that independence?

Keene: Yes. During the turmoil of the hospitals and doctors in the fifties, in which almost all leadership was made difficult, if not denied in some areas, I moved down to 1924 Broadway in Oakland, the headquarters of the Kaiser Companies, and became involved in a review of all the industrial companies and the establishment of separate and independent medical programs within the industries.

One of the first things I did was establish a medical department for the Central Office of the Kaiser Industries, and that was in a building adjacent to 1924 Broadway. I established an independent program in Kaiser Aluminum, in which I brought Dr. James P. Hughes from Ohio State to run that industrial medical program. And I separated the industrial program of Kaiser Steel away from the southern California region of Kaiser Permanente and established it as a separate and independent program within the steel industry.

In my mind it was necessary to keep these organizations separate, because they had different goals. The Kaiser Permanente Program had a social goal in the community at large. The industrial enterprises had a economic and medical goal within their own industries.

Hughes: What was the attitude of the Kaisers?

Keene: The attitude of the Kaisers was good on that point because I had been successful in the industrial-medical program for the automobile industry at Willow Run. I was knowledgeable and capable in those matters, so that I was allowed to go ahead with pretty much a free hand, and was accepted by the leaders in our industries, by the presidents of Steel, Aluminum, Cement, and Electronics, and the rest.

Hughes: The Kaisers saw the logic of separating the industrial programs from the Kaiser Permanente Medical Care Program?

Keene: [laughing] Please do not think that this was accomplished with consummate ease. Nothing was accomplished with consummate ease. It took time, discussion, opposition, explanation, convincing, cajoling, all the other methods that you use to get something done. Finally it was done.

Hughes: That independence of course gave you a platform to expand the Medical Care Program, did it not?

Keene: Yes. Well, also during the period of turmoil it was again an expression of leadership. During the period 1954 to late 1958, when all leadership in the Kaiser Permanente Medical Program was under question and intense scrutiny, it was necessary for Mr. Eugene Trefethen, as the administrator of the various industrial enterprises, to act as the adjudicator of everything that had to do with Kaiser, including the medical program. During that period when I was feeling my way along, industrial medicine was one of my main preoccupations in addition to the problems of the Kaiser Permanente Medical Program.

All this activity resulted in my being elected a vice president of Kaiser Industries in the early part of 1960, and then in the middle of 1960 I was elected a vice president and named general manager of Hospitals and Health Plan. That is, I became the operating executive for the Kaiser Permanente Medical Program. In effect, in 1960 I was given responsibility for all things medical that concerned any Kaiser organization anyplace in the world, and that is why I got involved in all the various things that I did become involved in. [brief tape interruption]

That last point having to do with establishing the separateness and the independence of the various medical programs, the Kaiser Permanente Medical Program on one hand, and the industrial medical programs on the other, is to me a pivotal occurrence in the conceptualization of the missions of the various medical enterprises associated with Henry J. Kaiser. Also, it's my belief that I was the primary individual responsible for that definition. No one else seemed to have the broad viewpoint or broad abilities, both in occupational medicine and in clinical medicine, and perhaps in medical administration at the time.

From the beginning I was concerned about establishing programs in the industries separate and discrete from the Kaiser Permanente Medical Program. If the Kaiser Permanente Medical Program had been

Keene: continued as the stepchild, as it were, of the industrial companies, it could never have achieved the separate identity and gone on to the great things that it ultimately did achieve.

### Reorganization

#### Expansion of the Hospitals and Health Plan Board

Hughes: Well, in March, 1954, three short months after you'd arrived, you suggested that additional executive positions be added to the health plan and hospitals board. Until then its only officers were Sidney Garfield, who was general manager, and Julian Weiss, who was the purchasing agent. You suggested adding a president and an executive director, regional directors, vice presidents, a secretary, assistant secretaries, and a comptroller in each region. What was your thinking?

Keene: Well, as I have said, Dr. Garfield was the man with a spark of genius who conceived the whole idea of establishing prepaid medical care in association with the various Kaiser industries, but Sid lacked managerial ability and managerial concepts. It seemed to me, right from the beginning, that an organizational means had to be established to carry out the various components of any industrial enterprise. To me, a business enterprise operates on the same principles, whether you're selling popcorn or whether you're building dams or automobiles.

Hughes: But how did you know that, as a surgeon?

Keene: Because I had been in the army for four years and had been involved in administration, and I had watched the administrative problems at Willow Run. After observing the problems at Willow Run for about seven years I had had a whole university course with a postgraduate fellowship in how to run, and perhaps how not to run, a business organization, and all this was very fresh in my mind. Also I read a great deal about the organizational principles that are necessary to operate an enterprise.

Hughes: When the Kaisers virtually selected you for the position in California, were they doing it with the knowledge that you had these abilities as well? Or were they thinking, "This man is a very good surgeon. He's run a very good industrial-medical program," and that was the extent of their thinking?

Keene: I really don't know, Sally. It's always surprising how much other people know about you. For instance, I'm surprised how much you know about me, and I'm sure the Kaisers knew all about me from way back. This wasn't a capricious thing; they didn't think that just because I happened to run a very good industrial-medical department that I could jump from there to running a great big organization. They must have had other inputs and other appraisals, other than just my clinical abilities.

Hughes: That seems logical

#### Selection of Personnel

Hughes: When these positions were added, who was responsible for filling them?

Keene: Well, in the various regions, I think the selection of leaders was a composite, or perhaps a consensus, of thinking. In establishing the positions and assigning individuals for roles in the Central Office, that was mine alone. I brought on Scott Fleming and Arthur Weissmann and the various financial people into the Central Office, and I selected them and recruited them from the other organizations and formed a central staff.

This doesn't mean to imply that I brought such fine people as Arthur Weissmann into the organization. Arthur Weissmann had been brought into Mr. Kaiser's office in November, 1953, or shortly before I came out to California, and Scott was employed in the legal department of Kaiser Industries. But when I was putting together a central staff, the nucleus of the big staff that now exists, it was my choice to name them. And also it was my choice as to who would become regional managers although politics and compromise played a large role.

Hughes: Can you tell me a little bit about your thinking in choosing a man to be regional manager?

Keene: Well, like all subjective appraisals, that's sometimes hard to define. I may have looked at the course record or whatever personnel records we had about these people, but if I were impressed by an individual's competence in the day-to-day business, his sincerity, his willingness to work, perhaps his loyalty and integrity, these are the subjective values that impressed me.



Keene: Of course people can show all kinds of scholastic records and sometimes even experience, and you can be fooled on them, but after you live with them for a while, you get a feeling of competence. What's more, you get a feeling of interpersonal relationships between yourself and this individual. Can you work as a team? Can you understand how the person thinks? Does he or she think the way that you think? Are his values the same? In those compatibilities, then, knowing that the going was going to be very rough, why, you pick the individual that you think will survive and do well and make yourself and the organization more confident and more capable of success.

Hughes: In general, then, would you say that you knew the newly designated regional managers rather well on a personal level?

Keene: Yes, I knew most of them. I came to know them very, very well. Of course, when you go through a lot of trouble with individuals, you know them very well, and they know you very well. They know when you're disturbed and when you're angry, when you're agitated, and you recognize all those problems in themselves.

#### Outside Members of the Hospitals and Health Plan Board

Hughes: In 1962, the first outsider, George [C.] Woods became a member of the Kaiser Foundation Hospitals and Health Plan Board. Why was the decision made to bring in an outsider and who made that decision?

Keene: That decision, I believe, was made by Edgar Kaiser. George Woods was the head of the First Boston Corporation, a financial giant, as it were, in New York City, and had much to do with the financial policies of the various Kaiser industries. I believe that Edgar Kaiser relied a great deal on George Woods for his financial advice. I must say that there was a considerable difference of opinion, let us say, between Mr. George Woods and Mr. Eugene Trefethen, which became more pronounced as time went on.

As a matter of fact, George Woods was only on the board for a short period of time, as I recall. I don't know exactly how long it was, but he was so involved in the affairs of the Kaiser Companies that I never really considered him as a truly outside director. He seemed to me as much a part of the Kaiser industrial establishment as Gene Trefethen, Edgar Kaiser, Mr. Kaiser, Bill Marks, or the other Kaiser people that were on the board.



Keene: The first truly outside director we had began with Dr. Robert Glaser, whom I brought on the board. This began about 1965.

Hughes: Why did you bring him on the board?

Keene: Well, I had met Bob Glaser in Boston, where he was working in conjunction with the Harvard Medical School. I had gone back to Harvard in 1964, I believe it was, to deliver a series of named lectures at the School of Public Health. There, in wandering around the various catacombs of Harvard, I came across Bob Glaser, who was involved in trying to amalgamate the various hospitals associated with the Harvard Medical School into a working entity. He and I talked a great deal, and it was one of those things where you meet somebody and you like them immediately, and they seem to like you, and you get along very well.

Well, then Bob left there and became the dean of the Stanford Medical School, and one thing led to another. I became a member of the Visiting Committee of the Stanford Medical School. Then, after much advocacy on my part, the Kaisers accepted Dr. Glaser as an outside member of our board, which I thought was a great victory on my part.

You must understand that the Kaisers, again, created the attitude of the industrial organizations, looking on this Kaiser Permanente enterprise as their peculiar pet project, and they wanted to keep it all to themselves. For instance, in 1959, I said, "We should be publishing an annual report on the general theory that if we're going to be respected and respectable in the professional community, we've got to tell everybody what we're doing. We can't have any secrets."

Hughes: That was a new idea.

Keene: Yes, the annual report was, again, born out of turmoil, great dissension and examination of Keene as to "what the hell does he want to do that for?" But, again, after much argument, "Okay, you do it. But if you get into trouble, it's your ass, Keene."

Hughes: [laughing] What convinced them in the end? [laughter]

Keene: I don't know what convinced them, Sally, but it was done, just as was the whole matter of expansion to other areas. You've seen that memorandum from Edgar Kaiser telling me that there wasn't to be any expansion at all, that we didn't have to demonstrate--

Hughes: Well, before we get into that, would you mind telling me what the contention was between Mr. Woods and Mr. Trefethen?

Keene: Well, that had to do with industrial finances, so I was never involved. When people were having an argument or a difference of opinion at the top level, you would be aware of it, but I was never involved.

I myself have had a very heated argument with George Woods. This was in the early seventies and had to do with money promised to us from the Henry J. Kaiser Family Foundation, as seed money for expansion. I think the expansion was to either Ohio or Colorado. We were promised the money and planned on it. When the time came for us to have it, Mr. Woods told me in an open meeting that they weren't about to give me the money that they had promised me.

So there was a very violent exchange between Mr. Woods and myself, to the point of shouting and to the point of Edgar Kaiser pounding on the table and asking me to keep quiet. But in my mind, George Woods was repudiating a promise, a solemn promise, involving millions of dollars, and I was as angry as I could be. Mr. Woods and I parted conviviality on that minute.

Hughes: I can understand why. [laughter] Why did he back down on the agreement?

Keene: His reason was that we were doing so well that we didn't need the money.

Hughes: So he was assuming that you could go ahead and expand without the money?

Keene: He was assuming that we could go ahead and expand and not be hurt if we didn't receive the money when he had promised it. All my financial plans for a whole organization were based on some millions of dollars that was going to seed whatever we were doing. I must admit that I lost my composure, lost my cool completely. This was an embarrassment to everybody in the room, but not to me. So I can imagine why Gene Trefethen may have had some difficulty with George Woods.

Expansion of the Medical Care Program to Other Regions

Hughes: Well, we seem to be onto expansion. Shall we dive in?

Keene: Yes.

Hughes: Last time you gave me a copy of Edgar Kaiser's letter expressing his and Gene Trefethen's opposition to expansion. The letter was written on October 9, 1964. In September, 1967, the Kai Perm Committee met on the subject of expansion. I was wondering if you could explain what seems to me to be a 180-degree turnabout?\*

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Keene: Well, forgive me, but we better go back a little farther than that. In the late 1950s when I was at 1924 Broadway, the Hospitals and Health Plan continued to expand within their own regions without designated and agreed upon central leadership. Edgar and Gene Trefethen seemed to expect that somehow I would get the job done without a title. We opened a new hospital in Portland, Oregon, Bess Kaiser Hospital in 1959, and we had opened the hospital in Honolulu in 1958, and we were going ahead with expansion in northern California and in southern California.

Even then I dreamed of expanding to other areas of the country but didn't see how it could be done with the almost complete independence--almost militant autonomy rather--of the existing regions. There just had to be overall effective leadership to coordinate the program, to get financing, to deal with government and the public. That's when the concept of the physician-administrator forums came up. They were sort of an organizational senate in which representatives of the doctors' groups and management in all areas, plus representatives of the Central Office began to meet right down here at the [Del Monte] Lodge at Pebble Beach, half a mile from here. Those forums were the beginnings of the Kaiser Permanente Committee.

After we had a forum then for the exchange of views, and after we developed a plan for overall financing and after many more pressing common problems were settled, the business of expansion to other areas was brought up, mainly by myself. There was a considerable reluctance to expand to new regions on the part of the doctors, namely Ray Kay to a considerable extent, but to a lesser extent by Cecil Cutting, contending that the diversion of funds from the then-existing regions to new regions would be an unnecessary burden on the existing regions, which was, in a sense, a valid viewpoint. I thought that we ought to be able to do both, finance the existing regions and generate enough funds to spread to other regions.

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\*See Appendix, 144.

Hughes: Now, why were you so interested in expansion?

Keene: Well, recall that I said that Mr. Trefethen's description of my job when I first arrived was "make us respectable," and to make us respectable I began relationships with medical schools and all kinds of other medical organizations, including the American Medical Association. I would hear the criticism in various places and meetings that the Kaiser Permanente Program was an oddity or a curiosity that could only be developed in kooky California. I didn't think that it was purely a geographical thing. We were visited by various politicians who would ask me, "Can you do this in Washington, D.C.? Can you do it in other parts of the country?" And I'd say, "Sure, we can do it anyplace."

Well, pretty soon there was an attitude on the part of questioners or commentators that, "If you can do it, why don't you do it?" So that fueled my interest and posed a challenge. Also, Sally, I have the conviction that if an organization such as ours goes on in its day-to-day business of delivering health care in a certain location without a new and additional challenge, it stagnates. It digs itself a rut and it stays in that rut. You need the stimulus of new things and outside things. That's why I wanted to go someplace else.

So, number one, to go someplace else I had to convince a lot of people, and I had to convince the doctors and my own administrators, but more importantly I had to convince Mr. Kaiser and Edgar Kaiser and Gene Trefethen that we ought to do that, and could do that. Then I had to develop the finances. "How are you going to do it, Keene? Where are you going to get the bucks?" Everybody had a strong opinion about expansion in the early sixties. There were some other than myself who favored expansion including Art Weissman, Scott Fleming and Ernie Seward.

Out of the Kaiser Permanente Committee came the idea that we would put aside a sum equal to five cents per member per month from all of the regions into a central fund and finance it that way. Also that we might get some additional money from the Henry J. Kaiser Family Foundation.

While all this was going on, suddenly on October 12, 1964 I got the memorandum from Edgar Kaiser telling me to cease and desist, to forget about expanding to the east or midwest. That memo was a real crusher. I didn't say anything to anybody for some days, then I talked it over with Gene Trefethen. Finally I calmed down and got up courage enough to go upstairs and talk with Edgar. There were a number of talks with Edgar. Then Edgar would talk to his father. Only once did I talk to Mr. Kaiser himself. As I said before, Mr. Kaiser, Sr., wasn't too fond of me after the fracas in Honolulu in 1959 and 1960.



Keene: Anyway, after a period of time, the Kaiser attitude changed to, "Well, you come up with what you want to do and let's take a look at it," which, in a sense, is permission; you can go ahead. But again the idea, "Keene, this is your baby. Let's see what you do with it."

For some time, several of our people, notably Ernie Saward and Scott Fleming and perhaps Avram Yedidia, had been involved in the conceptualization of a non-Kaiser prepaid program in Cleveland, called the Community Health Plan. It didn't do very well and the Cleveland people were hollering for help. Their problems were management and finances, not organization. To me it looked like a heck of a good opportunity for takeover. Also during the same period, representatives of the United Mine Workers Union were pressuring us about establishing a program in Colorado, and especially in Denver. So I decided if we're going to go for one, we ought to go for two at once.

Hughes: Why did that make sense to do two at once?

Keene: Because there were two very strong leaders in the medical groups. One was Cecil Cutting in northern California, and the other was Raymond Kay in southern California, each of them very jealous of their prerogatives, each of them being very capable and very strong. Early on each of them had taken a strong stand against expansion but as time passed they didn't erupt every time the subject was brought up. It occurred to me that if I could get Cecil involved in one new region and Ray in the other they both might be mollified and we would be off to the races. That's exactly what we did.

We asked Cecil Cutting to go to Cleveland to evaluate the situation there, and be involved with that medical group. Ray Kay went to Denver to do the same thing there. As a matter of fact, both of them did a superb job, maybe against their original inclination. I don't think either one of them started out saying, "Boy, this is the greatest idea I have ever heard of," but each of them, in a businesslike way, went and evaluated those situations, and as a result we did them, and we did them superbly. So we did both of them together.

#### Cleveland

Hughes: Could we now go into a little more detail about each of those regions? I know, for example, that in mid-1961, three consultants were named for the Ohio expansion, and one of them was Glenn Wilson,



Hughes: who I believe was named executive director of the proposed health plan. Another one was E. Richard Weinerman of Yale, and a third one of course was Yedidia.

Keene: Yes.

Hughes: Do you know why those particular three were chosen?

Keene: Well, to begin with the first. Dick Weinerman was a doctor interested in public health. He was from Yale. When I returned to California in early 1954, he was doing some consulting for the northern California region. I don't specifically know what he was doing because I didn't have anything to do with him. He left shortly after I arrived on the scene.

Glenn Wilson was involved in the Cleveland affairs and was also a capable person whom I had met. Of course Avram Yedidia was a long-time employee of the old Permanente health plan, and one of the best-informed people on prepaid medicine that I ever met.

Hughes: Were you responsible for sending them out to Cleveland?

Keene: Oh, no! I believe we are on a wrong course here. Let me be clear. The Cleveland Community Health Plan was an independent non-Kaiser enterprise originated in Cleveland by union people in the late 1950s. Kaiser as an organization had nothing to do with its founding. The Cleveland people visited our Portland operation to see how it was done. They met Ernie Seward, asked him for help and he gave it--more and more as time went on. Ernie asked Scott Fleming to help with legal concepts. Ernie and Scott started out as missionaries.

In the early 1960s, we had problems greater than expansion. Therefore I was pretty much aloof from the Cleveland affair.

Hughes: Now, at that early state, there was no talk of Kaiser actually taking over that program, was there?

Keene: Well, if there was any talk, I didn't hear it.

Hughes: The idea was that these, well, Yedidia I guess at that point was the only one, was simply going to be a consultant to a program which was just going to be perhaps modeled after Kaiser, but independent of the Kaiser Medical Care Program.

Keene: That's right.

Hughes: Now, what about Sam Pollock?

Keene: Well, Sam Pollock was a union leader, I think, from the Butchers' [Meat Cutters'] Union in Cleveland, and a very fine individual, a very fine, quiet, dignified, capable man that I liked the minute I saw. He had some far-reaching ideas, and one of them was the establishment of a medical program for the union people in and around Cleveland.

Hughes: Was this a new idea?

Keene: Well, no, they were modeling it right on Kaiser Permanente.

Hughes: I mean the fact that a union was seeking to establish a medical program.

Keene: No.

Hughes: Did other unions have medical programs?

Keene: Oh, beginning way back in time. Unions have been the instigators of many medical programs. No, being involved in medical affairs is usual for unions, not unusual.

But Sam Pollock played the seminal role in creation of that health plan in Cleveland, and after he retired there, he went down to Cal Poly Tech in southern California as an instructor or a teacher!

Hughes: What an amazing man.

Keene: Yes, he was an amazing man. I believe he's dead now. While Sam didn't have any college degrees, he had plenty of moxie and plenty of intellect, and was a high-principled individual.

Hughes: One more name associated with the Cleveland business is Lee [C.] Howley. I have in my notes that he was a general counsel of the Cleveland Illuminating Company.

Keene: Yes, just a moment, I'll tell you. [checking notes] [brief tape interruption] The man you're asking about is Lee C. Howley [spells it], who at the time that we first knew him was the general counsel for the Cleveland Electric Illuminating Company. He had been involved in the establishment of that health plan in Cleveland. He was a top-grade individual, a community leader, and a leader in Catholic lay circles. He was on the board of trustees of St. Vincent's Hospital there, and a truly fine man. He later became a director of the Kaiser Foundation Hospitals and Health Plan. A very fine man. He's dead also.

Hughes: The Community Health Program was modeled, I understand, after the Kaiser Permanente Medical Care Program, but it had myriad problems. Can you detail some of those?

Keene: Well, no, I'm not familiar with all the problems that they had. They had problems with financing their facilities and they had problems of cash flow and they had problems generally, so they weren't doing too well. My impression was that they had a capable doctors' group and a fair management group and an interested board of directors, but that they didn't have enough experience to put it together, and that's where I happened to come into the act.

I was aware that Scott Fleming and Ernie Saward and Avram Yedidia and some of our other people were going to Cleveland to help them, but it was one of those things that I didn't comment on. I really wasn't too enthusiastic about Cleveland at the time because I probably was thinking of other sites. But then I began to hear more and more comments dropped in my presence about "Cleveland is in trouble," and "Maybe we ought to consider taking it over." These were comments made by men on my staff.

Also, as I have said, representatives of the United Mine Workers in Denver came to see me. They were Dr. Bill Dorsey and Mrs. Ada Krueger. They had a persuasive presentation about Denver, which they had spent a considerable time, effort, and money in putting together. So when I began thinking of looking at Denver, I thought, "Well, let's look at Cleveland too."

I took Karl Steil along on my first journey to Cleveland. He and I looked at Cleveland in depth, and then stopped off and looked at Denver in depth, and that's when we got interested in both of them.

Hughes: Well, going back to the Ohio episode, in talking to Dr. Saward, he repeated to me a comment that Mr. Trefethen made. Apparently one of his parting comments as Dr. Saward was on his way to Cleveland was, "Don't you ever, ever, ever get us involved in Cleveland." Now, I suppose that goes back to the period when Edgar Kaiser and Trefethen were against expansion.

Keene: I guess that might be true. Please understand that Mr. Trefethen and Edgar Kaiser and Henry Kaiser had gone through a terrible period of turmoil in the medical program beginning in 1946 and lasting till about 1958 or '59, so that their lives were hell. They had more problems trying to put out the fires in the medical program than they did in all the rest of whatever they were doing. So out of that experience was born an understandable reluctance to take on more, and I don't blame them.

Hughes: I can understand, yes.

Keene: But people like myself and Ernie Seward, Karl Steil, and Jim Vohs hadn't been burned so much in those fires, and what's more we had become so confident of our own abilities and so proud of what we were doing that we were willing to take on the new challenges. Understandably Gene Trefethen and Edgar and the old man didn't want to go through anything like that previous experience ever again.

Hughes: When you did go ahead with these expansion programs, what was the reaction of the local doctors?

Keene: The local doctors?

Hughes: Well, the doctors that were not part of the program.

Keene: In Cleveland?

Hughes: In Cleveland or Denver. Wherever.

Keene: Well, the Cleveland operation had been going on for quite a while when we took it over, so that if there was local opposition I wasn't aware of it. Ray Kay did an excellent job in scouting out Denver. He went to see the leaders of the medical society and one of the leaders was Dr. Wilbur L. Reimers. After listening to Ray Kay, Bill Reimers became interested in the Kaiser enterprise in Colorado and eventually became the lead physician. Bill Reimers remained a respected leader in Denver medical circles, so there wasn't the medical opposition in Denver or Cleveland that happened in the earlier days in California, Oregon, and in Hawaii.

#### Denver

Hughes: You said that a physician and a woman came to you to discuss expansion to Denver. Did they have a nucleus of physicians in mind who could form a medical program?

Keene: As I mentioned, the doctor who came to see me was Dr. William Dorsey. He was the head of the United Mine Workers' medical program for their ninth district, which was Colorado and perhaps Utah, Nevada, and adjacent areas. The woman with him was a union official named Ada Krueger.



Keene: In the opinion of these two persons the mine workers and their families were not getting medical care in the quality and quantity commensurate with the amount of money that was being paid for insurance coverage. They believed that some sort of prepaid group practice medical program would be a better arrangement, and a Kaiser Plan would be the best arrangement. Also the mine workers had had a good experience with our rehabilitation center at Vallejo in the 1950s.

Also recall that I said that the miners had offered their Appalachian hospitals to us if we'd run them. We were held in high regard by the miners, so it would not be out of character for the miners, thinking they had a medical problem in Colorado, to approach us to come help them solve it. That would be a feasible procedure for them.

Hughes: Now, it seems to me that there was quite a difference in the actual process in Cleveland and in Denver, that in Cleveland what Kaiser was doing was assimilating an existing medical program, foundering, yes, but at least there was something there. In Denver, there was nothing.

Keene: True. In Denver it started from scratch. Also, we had had the idea as one of our operating principles that we ought to own a hospital to insure the success of a prepaid medical program. We didn't want to build or buy a hospital in Denver, and so the idea was hatched that we would acquire a clinic first and develop an arrangement to use beds in local hospitals. We had an excellent team in Denver. Jim Vohs was top man, John Boardman was manager on the spot, and of course Ray Kay, Bill Reimers and Rob Howard. John Boardman found a receptive person in the sister superior at St. Joseph's Hospital because the sister superior wanted to expand. She saw in us and the business that we would bring, a means for her to expand. We saw in her a means for us to get hospital beds without building a hospital of our own. So it was a marriage of convenience, let us say. We started out with a very good doctors' group headed by Dr. Bill Reimers, and away we went.

Hughes: I think it's Dr. Saward who talks about the genetic code and how this was a departure from the genetic code. Was that a battle? Would it have been discussed in the Kai Perm Committee?

Keene: Oh, sure it was discussed in the Kai Perm Committee, but it was one of those things we all wanted to try. While there was considerable money at risk, we didn't think that if Colorado didn't do well it was going to jeopardize the whole program. By this time, 1968-1969, we were very stable. With the backing that we anticipated from the



- Keene: various union groups, teachers' groups and others with whom we had held meetings and around Denver, we thought that there was an excellent chance for success. When time for decision came we wanted to do it. I was all in favor of doing without our own hospital, which of course was a very valuable experience which we replicated in other areas.
- Hughes: Now, was there money from the Kaiser Family Foundation put into Denver and Cleveland?
- Keene: Gee, I'm ashamed to say that I'm not absolutely certain but I don't think so.
- Hughes: Was it basically that five-cents-per-member fee that was financing this?
- Keene: Yes, that's what we used.

#### The Kaiser Permanente Committee

- Hughes: The Kaiser Permanente Committee appears pivotal in all these decisions and actions. How did it develop into such a guiding body? How did it develop it's own working principles?
- Keene: All those were hammered out, Sally. When we had our first physician-administrator forum, it was almost like a gathering of strange bulldogs. Everybody, I think, wanted to be nice and forget the fights of the past, but everybody was suspicious of everybody else, and everybody was suspicious of me.

So we started out talking about the simplest of things, just began talking. What kind of an organization are we? What are our common goals? What makes us different? Why are we succeeding when no one else seems to be? Those were pretty basic questions which wouldn't start an argument but did start everyone talking. We had to establish ways of talking to each other. I was the chairman of the committee and sat at the end of the table and directed the discussion and made up the agenda and called on the people to talk and guided the discussion.

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I wanted to agree with everybody. Those first physician-administrator meetings after the dust of the Tahoe days had settled were extremely important and delicate--yes, delicate social exercises.

Keene: We hadn't yet found a way to live together, to act as a coordinated enterprise. How do you establish leadership among jealously independent organizations, such as the various medical groups and the health plan and the hospitals? Developing leadership in such circumstances is a different kind of exercise than being appointed as the commander of the First Marine Battalion, or taking over an industrial organization, which aren't democracies but rigidly controlled dictatorships. That's not the situation in our medical organizations. Leadership had to be developed and demonstrated, displayed, and accepted. And that's what we did. It took us several years to get around to doing it.

We had to have leadership in order to refinance our debts. So expansion wasn't the only thing, or the primary thing. The object of those forums and the Kaiser Permanente Committee was to develop cohesiveness, develop creditability in the eyes of lenders and in other medical organizations and to demonstrate that we could operate as one enterprise. We really didn't achieve financing of the kind that we needed until 1962.

#### The Medical Care Program Attains Credibility

Keene: Mr. Trefethen and George Woods had walked up and down Wall Street and the canyons of New York trying to get financing for hospitals other than the Bank of America in San Francisco. The Bank of America had lent us money in the early days because we were then a creature of the Kaiser industrial organizations and Mr. Kaiser was the head of it. But we were beginning to deal in large piles of blue chips, in the late fifties, of millions of dollars, so that the Kaiser Permanente Medical Care Program had to have a credibility all itself, and that credibility had to equal credit in the financial sense. We hadn't attained the credibility of a self-sufficient, independent organization, and no financial institutions wanted to gamble on us. So the lack of independent credibility was the main reason we were unable to get outside financing until about early 1962.

In the spring, I visited Portland, Oregon, to look at the new Bess Kaiser Hospital with Sam Hufford, regional manager up there. Driving in from the airport Sam told me that the National Bank of Portland had said in an offhand way that if we needed to borrow money, they would be glad to accommodate us. That was the first time I heard of any bank, other than the Bank of America, being willing to lend us money. I never went to the hospital. I immediately went to see Charles Marshall and other top people at the First National Bank of Portland and got a commitment from them to participate in a loan.

Keene: That convinced other banks to come in, banks other than the Bank of America, and pension funds. That was a first step in our financing and refinancing, so that we ultimately were able to borrow \$268 million, by ourselves, on my signature; that is, the signature of the president of the Kaiser Permanente Medical Program, without the backing of the Kaiser industrial companies or anybody else.

Hughes: And that was the first time that had happened.

Keene: That's the first time. We had established ourselves as a separate, cohesive, successful entity, and we had developed the expertise-- Art Weissmann, our financial people, and Scott Fleming--to put together forecasts of what we were going to do. Because we controlled so many of the factors, our forecasts were extremely accurate and we did very well.

Our operating people--Jim Vohs, Karl Steil, Sam Hufford, and the people in Hawaii--did exactly what we told the banks we were going to do. When you go to the banks they want to know, how much money you want to borrow, what are you going to do with it, how are you going to pay it back? You have to develop a forecast of how much money you are going to take in, how you're going to handle it, and how much cash you're going to generate above expenses, how you will pay the interest, and also how you're going to pay back the principal. We were able to do that with remarkable accuracy.

Hughes: It seems to me, reading between the lines, and it doesn't take too much skill, that that underlay a lot of your activities. True, you wanted to make the medical program independent and successful, but to do that you realized all along that you needed the financial backing, and to get the financial backing you had to demonstrate your viability in a financial sense to the potential lenders.

Keene: Sally, my great preoccupation during all those years was money, financing, so that there would be stability. I was too often characterized as a doctor who thought too much about money. However, one of the canons of economic faith is, or social faith is, that any organization must have a sound financial basis, must exist in harmony with the economy in which it's planted.

Everyday I was involved in the monies of that program, making sure that we were stable, that we used it prudently. That was the number one part of my job description. We accepted as a goal that we wanted to provide good quality medical care, efficiently and at a price that the usual individual could pay, and we wanted to do it with satisfaction to the providers, for satisfaction to the people who received the care, and with dignity.

Keene: But underneath that all was the fact that it had to be financially stable. So in presentations to our lenders I would take myself, Irving Bolton, Arthur Weissmann, Scott Fleming, as a team to talk to lenders, make the initial contact. When you went to talk to a new bank in those days, they didn't understand what a medical care organization was. All they knew about was fee-for-service medicine, and they couldn't understand the concepts of our kind of enterprise.

Hughes: My understanding on top of that is that hospitals did not have a very good reputation with lenders.

Keene: They did not, no. Any financing of hospitals was considered charity. Here would come these peculiar people from the West, from California, and say that they're going to build four or five new medical centers and they want to borrow \$75-80 million and they'd like it next week, please. [laughter]

So I would find myself talking to whole tables-full of bankers, and starting out with who we were, what we were, and how we did it. Then, once we had made contact with financial people, we'd follow it up, and it still goes on. Meet with them, tell them how you're doing, give them reports, have them come see what you're doing. We would show them our hospitals and clinics and what we did. So there was sort of an evangelistic endeavor at first to convert the lenders. Everybody got into the act.

But when we got the lenders and when we paid them all back right on time, and we were paying a good interest rate, attitudes changed. Bankers began calling me; other lending institutions [began] calling me and coming to see me, "Can we lend you some money?"

As a matter of fact, there's a man who lives about three miles from here by the name of Atwood Austin. Atwood Austin was the treasurer of Kaiser Steel and also the guardian of the Kaiser Steel Pension Trust. When we first wanted to get outside financing, I approached Atwood Austin to see whether the Kaiser Steel pension fund would lend us some money. He said no, because we were too risky a business and he didn't think that we could grow as much as we said we would.

About five years later, and when we were borrowing considerable sums of money from other people, Atwood went to Mr. Trefethen and complained about me because I wouldn't do business with the Kaiser pension fund which had turned me down previously! So Gene talked to me about it, and we did borrow some money from the pension fund, not because it was Kaiser, but because it was a good lending institution and their rates were good. There was a whole change in attitude on the part of lenders in the period 1962 to 1967.



Hughes: Do you have anything more you'd care to say about expansion?

Keene: Not much, but the whole phenomenon of expansion was an exciting thing, is an exciting thing, gains national attention, it demonstrates to the nation as a whole what you're able to do, and it gives corporate stature and it gives individual stature to those people involved.

### Establishing Health Plan Rates

Hughes: One quick question about establishing health plan rates. Was that your prerogative?

Keene: Well, let me tell you. The first time that I went to a board meeting, in 1954, the question came up of increasing the rates in northern California by a dollar per member, per month. I don't know how that was arrived at because the figure had been determined before I arrived on the scene and I was just too new. However, Mr. Kaiser listened and said, "Well, if we're going to increase it a dollar per member, per month, why don't we increase it two dollars per member, per month?" So on that sort of reasoning, the health plan rates were increased two dollars per member, per month; that is, without rationality. Really, Mr. Kaiser thought the market would tolerate two dollars as well as a one dollar mark up.

But as time went on, under the direction of people like Arthur Weissmann, medical economics became more of a science than an art. A remarkable precision in establishing health plan rates was developed which was in a sense like this: that since we controlled the number of members we enrolled, and since we set the rates, we could judge what our income was going to be. Then we would give an educated guess as to how much we were going to grow during a certain year, how many beds that would need, equipment, and doctors, and all the other things. Add the expenses of growth to the existing operating expenses and then divide by the number of people that you thought you were going to have each month, and you come out with a figure that you ought to charge.

Then that figure is looked at in light of the general market. What are the rates for Blue Cross and other kinds of insurance? What is the prevailing economy? How much of a percentage increase would be acceptable to the unions and other third-party payers? and so forth. So you then really negotiate a rate among health plan, doctors



Keene: and hospital. The negotiation of a health plan rate for any period is a pretty precise ritual. They still go through that same kind of ritual today I'm sure.

### Relationships

Hughes: I have some questions about people.

Keene: All right.

### Henry and Edgar Kaiser

Hughes: You've talked some about Henry Kaiser, but I don't believe you've talked in specifics about his rather unusual ideas about his own health care.

Keene: Well, as you know, I wrote a letter to Mr. Henry Kaiser in September of 1945, after the bomb was dropped on Hiroshima and Nagasaki, asking for employment. My dealings were with Sidney Garfield as a result of that letter, and I really didn't get to meet Mr. Henry Kaiser until sometime in 1947 or '48 when he came to Willow Run.

He used to visit Willow Run, and I would see him in a professional sense. I was the doctor there at the plant, and Mr. Kaiser would come with all kinds of medicine for himself and sometimes his medicine would have to be given in a hypodermic form, vitamins and minerals, so that I would see him about that. He liked to talk about medicines and act like a doctor.

On one or two occasions Edgar Kaiser was ill. Edgar Kaiser had shingles and Edgar Kaiser had flu and bronchitis, and Mr. Kaiser would come and want to talk about Edgar and his treatment. When he talked about medical treatment, this wasn't a layman talking to a doctor, this was two doctors: one Dr. Kaiser and one Dr. Keene, and Dr. Kaiser was the senior doctor. [interviewer laughs] So he had opinions about medicine in general, dosages, effectiveness, and everything of the sort.

Hughes: Now, where was he getting that information?

Keene: Well, he would talk to anybody that would care to talk to him about it. He had lots of friends among the doctors here on the West Coast, and he also was a friend of the writer Paul de Kruif. [spells it] So if not a student, he was well acquainted with what was new and novel in the practice of medicine. Having been around so many doctors, and perhaps entered into so much controversy with them, he did not stand in awe of any doctor or of any doctor's knowledge.

But, in the main, my relationships with him were cordial and respectful, let us say. Then, after he talked to me at great length about coming out to California, and then after I did come to California, he was almost a constant companion of mine. I talked to him more than I did my wife. Constant contact was an operating principle of his: When he was going to start something with a new individual, he and that individual lived together, and I mean that, from morning till night, and sometimes he'd call you during the night, if he had a new idea.

Then, when he started to build, and did build, the Hawaiian hospital, our relations became strained because he didn't want me around. He just wanted to build the hospital all by himself. It was his toy. Then, after he did get it built, or nearly built, he wanted me to get it started and staffed and equipped. That's when he and I had a difficult relationship because he wanted me to do all those things in a compressed period of time. Actually he wanted me to spend all my time in Hawaii and run the rest of whatever I was doing by the telephone. That was a nightmare.

I had difficulty in bringing individuals into Hawaii to work, just because of Mr. Kaiser. He was an intimidating individual, but I was determined that he would not intimidate me. I did hold him in considerable awe, just him and his reputation, and what's more, his record. He did have an awesome record for one individual, and he was a real honest-to-goodness leader.

In one of those files there, there's a considerable criticism of me about 1962, in which Mr. Kaiser criticized my abilities and perhaps my integrity and anything else that he could think about me. He would send memos to Edgar and Gene describing my faults and sins in detail, always with a copy to me. At no time did he ever say that I should be fired, however. I would read the memos and Edgar and Gene would read them but none of us ever discussed them.

Hughes: What provoked that particular outbreak in 1962?

Keene: I think perhaps it was in the early sixties, getting Hawaii on track. Of course, in Hawaii I had to undo many of the things that he had done, and I was critical of the people that he had brought aboard. I had fired all the doctors that he had recruited. That wasn't the kind of thing that was readily acceptable by Mr. Kaiser, but I did it. He thought I was pretty independent after a while, didn't take to guidance very well. I can imagine the conversations that went on after Edgar and he agreed that there'd be no expansion. A few weeks later I come back with plans to expand. [laughing] So you can imagine what went on in that conversation.

I just hated, after a period of time, to go to meetings with Mr. Kaiser because it wasn't a conversation, it was a domineering monologue in which he would tell me what was what. I just hated to go to those sessions of that kind, but I did. I was determined to persevere and not be swayed.

Of course, the doctors at first used to criticize me as being the pawn of Mr. Kaiser. Mr. Kaiser used to criticize me as being the pawn and the disciple of the doctors. I thought that was a pretty good position. As long as I could maintain that suspicion and criticism on both sides, I thought I might survive, and did.

Hughes: Would you characterize Mr. Kaiser as a hypochondriac?

Keene: [long pause] Well, I never thought of that, I never thought of that, I never thought of Mr. Kaiser as a hypochondriac. Mr. Kaiser was an elderly, obese, hypertensive individual, so if he had any pains or aches, he was entitled to them. When he did develop little pains and aches, however, he overreacted. He considered any ache or pain that he had an insult [interviewer laughs], on the part of nature, God, or whatever, and, by golly, there ought to be a means to overcome it. There must be a shot or a pill or a medicine or a laying on of hands which would cause the pain or disability to cease and desist, especially because he was Henry John Kaiser.

But I really never thought of him as a hypochondriac. He liked to carry plenty of pills and medicines, though. Well, I don't know whether he actually took a lot of them or not, but he liked to have a lot of them around to dispense. Edgar Kaiser took more pills and medicines than any other person I knew in my whole life. And I didn't know whether Edgar Kaiser was a hypochondriac. As a matter of fact, I never wrote that on his records. I thought he was peculiar insofar as medicine was concerned, but I always used to excuse those people because of the great stresses and strains that they were under. They had to have some physiologic expression of stress and

Keene: strain, and, golly, they sure did. So if they did have pains, physical or emotional, I really didn't think of hypochondria as a diagnosis.

Hughes: What about tranquilizers?

Keene: Oh, well, Edgar took pills to tranquilize himself, to go to sleep, to wake up, to keep going, and he took pills to cancel other pills, and he took vitamins and hormones and minerals and sedatives, and anything anybody suggested. He was sort of a walking pill box. [interviewer laughs]

Hughes: On his eighty-fifth birthday, several months before he died, Henry John Kaiser told reporters, and I quote, "Of all the things I've done I expect only to be remembered for my hospitals. They're the things that are filling the people's greatest need--good health." Why do you think he had this drive to provide medical care?

Keene: One never knows why an individual does exactly what that individual does. Mr. Kaiser always talked about how his mother died in his arms because of lack of good medical care. But I rather doubt that. I never ascribe much validity to melodrama of that sort. I always thought that Mr. Kaiser just became interested in medicine because he was a frustrated doctor, and it became an all-consuming thing, a preoccupation with him.

And so Edgar was drawn into it. I don't know whether Edgar had that consuming interest that his father had. Certainly, Henry Jr. didn't have it, the kind that his father had. But Mr. Kaiser wanted to talk about nothing but medicine. I never heard Mr. Kaiser mention a play, a book, a picture or even talk much about the huge construction projects he had done. To me, he talked about doctors, hospitals, patients and medicine. Maybe he thought I was limited in scope.

Sidney Garfield

Hughes: I wanted to hear a little bit more about Garfield. What do you visualize when you think of Garfield?

Keene: Well, I look at Sid with some sadness and regret that he and I weren't closer personal friends than we were, but we couldn't have been close personal friends. I respect Sid as the cofounder with Mr. Kaiser of the Kaiser Permanente Medical Care Program. I think he was just the kind of individual, somewhat of a loner, brilliant, who would have enough courage to go do something different than the rest of the medical profession, which he did.



Keene: But it's just that kind of unorthodoxy that made him a poor boss. Sid admitted that he was a poor administrator, which was the reason that I returned to California in 1954. Then he had to stand aside and see other people, particularly myself, come along and manage a program that he considered as his own, which it was, and make it a success, and perhaps even seem to take some of the credit away from Sidney. That has happened in many large organizations in which the spark of genius and the willingness to try something different came from one individual. Eventually the operation and the stabilizing and the financing and the organization and the growth was guided by another individual, a completely different kind of individual.

Sid had little regard for organized medicine, for instance, or the thoughts of other doctors. Contrasted with me, I always had, and still have, great concern about what other doctors might think of me and what I am doing.

Hughes: Wasn't that self-defeating in Garfield's case?

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Keene: Perhaps, but Sidney felt that he was doing a rational good thing and sometimes the goodness of his cause was an excuse for circumventing professional, organizational or even legal restraint. On the other hand I wanted to foster relationships with medical schools and with organized medicine, be involved in their activities, but Sidney was not of that mind. I like to project a favorable public image. I like to talk to groups and present ideas and conceptualize what it is that we're trying to do and explain to other people, and Sidney wasn't good at that. He wasn't able to explain to sceptical people. He got very emotional, and I would guess that was the reason that financing in the early days was difficult, because Sidney would speak on an emotional basis rather than a pragmatic basis to lenders or to other people evaluating the program.

Hughes: Emotional in what regard?

Keene: Emotional in the sense that caring for the sick is an art and a sacred calling, done by charitable institutions. Such institutions should be given money or loaned money without too many questions.

Hughes: I see.

Keene: My appeal to the banker was, "This is a good place to put your bucks. We are sound and you will make money."

Hughes: Which was what they understood.

Keene: Yes. Talk to them in their terms. Sidney might say, "Well, this is a very worthwhile endeavor, and somebody's got to finance medical care, and it ought to be you." There's a great difference in those two viewpoints.

Hughes: I see that.

Keene: But anyway, three years after I came along, Sidney was taken out of administration, which was a hell of a blow to him. He continued on the board of directors [of Hospitals and Health Plan] until 1970, but he really was never involved in top level affairs. He was involved in the design of hospitals, worked hard at it, and did very well. In later years he got doing some research with Morris Collen.

Hughes: Do you have any opinion of Garfield's surgical abilities?

Keene: I never saw Sidney do anything surgically. I never even saw him in a surgical gown. I never saw him in an operating room. I have no idea.

Hughes: That's interesting in itself.

I've seen reference to Garfield's theory of economy of shortages, is that something that you and he discussed?

Keene: No, and that's the first time I've heard a name put on his theory. He liked to keep supplies in minimum quantity, let us say, on the general idea that if beds and equipment were in short supply they would be used with great care and in a parsimonious manner. I didn't ascribe to that too much. I believe in providing whatever is necessary to do a good job, and get good equipment. I operated differently. For instance, I was the first person insofar as anyone knew to put a rug in an office, my office. A small thing, but it caused considerable comment.

Hughes: You're talking about Kaiser Industries as well?

Keene: No, in the Kaiser Medical Program. I put a rug in my office on Piedmont Avenue and then again on 42nd Street. There was a lot of comment that "Keene put a rug in his office."

Hughes: Now, was that because of Garfield's influence?

Keene: Yes, yes. That had never been done before. Offices were a place where you worked, pushed a pencil. I never thought that. I thought an office was a place where you lived, and if I had to be in an office

Keene: twelve hours a day, and I was, I wanted it to be comfortable and attractive. I think an office or a home puts a frame around a person, and you create a certain image.

Sid and I had many different opinions. In later years he'd occasionally write me memorandums about how we could do things cheaper if I would let him do it. Well, sometimes I wasn't looking for a cheaper way to do it. I wanted to do it that way because of an effect. For instance, taking over the two top floors of the Ordway building and making very attractive offices for the central staff had wide effect. In three years that move upgraded every office in the whole Kaiser Permanente Program, no matter where. Regional managers, top doctors, doctors, all had nice offices.

It used to just gall me to go into a doctor's office and find him working in a basement someplace, with just a desk. I would be ashamed to do that. I was ashamed that our doctors were asked to do that. I think every person is an individual and his surroundings ought to reflect somewhat of his individuality.

Hughes: Dr. Saward remarked, and I quote him, "Dr. Garfield was a most remarkable person. On the other hand, it was most difficult to separate out the ninety-nine bad ideas from the one good idea, because he had a hundred ideas all the while."\* Is that a valid comment?

Keene: That's right. Sid was always wanting you to do something differently. One thing that just used to irritate me, drive me up the wall with Sidney, was that you'd have a discussion with Sidney about something, and you'd examine it for a while, and you'd both decide what was to be done, and the next day you'd start doing it. Sidney would then call and say he'd had second thoughts; he wanted to change the agreement.

Well, that's no way to run anything, with incessant reexamination of what you're doing. You arrive at a decision in a reasonable way. When you arrive at that decision, you stick with it and go do it. But Sidney always had second thoughts, so that there was an ambivalence about what he was doing, and a hesitancy about what he was doing. Many of his ideas about hospital design were unorthodox and novel, and we lived with some of those novelties for a long, long time.

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\* Ernest Welton Saward, The History of the Kaiser Permanente Medical Care Program, an oral history interview conducted in 1985, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

## Felix Day

Hughes: Would you say something about your working and personal relationship with Felix Day?

Keene: Well, I don't know why you ask that. I had never seen Felix Day before 1954. When I arrived, I was told Felix Day had run the Vallejo hospital and was an accountant. He was working on Sid's staff and around Sidney. I don't know exactly what his assignment was. Felix was an unusual-looking individual with very thick glasses and sort of a forbidding presence. I didn't relate too well to Felix for a long time because he was a disciple of Sid's, and when I would discuss business with him I thought that it went right back to Sid. I told him one time that if I suspected that he was talking to Sid about things that he and I had decided, he (Felix Day) and I were going to part company. For a while, say 1954, '55, '56, he was the regional hospital administrator in northern California and did pretty well but he wasn't a real honest-to-goodness leader. He didn't have the personality, in my mind, to actually lead a big group like that. .

Hughes: Was he put in that position somewhat because of his association with Garfield?

Keene: Yes, I suppose so, and the fact that he had been there since day one. I don't know when he started, but he'd been there a long time. In the mid '60s he was sent back to Cleveland, as regional manager, and he had trouble with everyone. I don't know that his job was so poor, but he wasn't accepted. He was just not the kind of person that inspired confidence.

## Frank Jones

Hughes: Well, I have a similar question about Frank Jones. I asked about Felix Day because he was head of the hospitals, and I ask about Frank Jones because he was head of the health plan at rather a crucial time.

Keene: Yes.

Hughes: Do you have something to say about him?

Keene: Well, Frank, to me, was a quiet, dignified, capable individual, and he did very well.



Hughes: Did you work rather closely with these people?

Keene: Not on a day-to-day basis, but they reported to me for periods of time. These are things I haven't thought of in a long time. No, Frank Jones was all right, and he did a very good job, right up to the time of his retirement, and then he was asked to come back to be a consultant. No, Frank was and is an all right fellow.

Karl Steil

Hughes: What about Karl Steil?

Keene: Well, Karl, as you know, has fallen into disgrace now in the past year and a half or so, which upsets me a great deal. Karl Steil is an honest-to-goodness real manager, and the record speaks for itself. When I first returned to California, he was the health plan manager in southern California. His brother Paul was the regional manager. Karl became the regional manager in northern California, then manager of both northern and southern California. Karl is, was, an excellent manager in his peculiar way.

Karl was basically a shy individual. He didn't have any of the flamboyancy or charisma that I may have had. He didn't like to talk to large groups of people. He didn't like to talk as I talk to you, perhaps, in a sustained conversation. But he got along well with the doctors. He got along as well as anybody did with Ray Kay. He got along well with Cecil Cutting. And he got along well with Bruce Sams. He got done what needed to be done. He did it in his peculiar way. He didn't come to work till ten o'clock in the morning or ten-thirty. He had cronies, peculiar people around him. I was aware of that kind of thing, but what would you try to change a man that had the best record of any region, year after year, after year, forever.

Hughes: You mean you were aware of questionable things?

Keene: Oh no, I wasn't aware of questionable things, never. I was aware that he had a peculiar relationship with some of the people, but, no, if I'd been aware that there were questionable things, I would have done something about it. But, no, there was never any question of hanky panky or dishonesty or anything like that. If it was going on, I didn't know it.

Hughes: To what do you attribute his good relationship with the medical groups? I've read accounts, and it may have been Ray Kay's\* itself, I can't remember now, saying that Karl Steil was largely responsible for making the new partnership arrangement work in the southern California area by accommodating the physicians and management.

Keene: Yes. I was never witness to Karl dealing with the doctors or hammering out their contract. When I saw the contract, it had been done. I was not involved when Karl was sitting in a room in some hotel or office building, hammering out a contract, which is a long, involved, difficult negotiation. Days. Nights. Emotional and complicated. But he did it and he did get it done.

Of course I had some difficult times with Karl. The day that I decided that Jim Vohs was going to be the general manager rather than Karl, I met Karl in the parking lot of Biff's Restaurant on 27th and Broadway in Oakland, on a Saturday afternoon. He and I stood in the parking lot leaning against cars for a couple of hours and just talked. That was a difficult thing to do, but it had to be done.

Hughes: Why had you made that decision?

Keene: Well, Jim Vohs always had a public presence. He was able to handle himself well in large groups, and he had an aura of confidence and capability about him. He handles other people well, and he's a fine, capable manager, as shown by the job he is doing now. But Karl was excellent also, and I grieve, I grieve for Karl, when, now at the age of sixty-two, he retires with the onus of a controversy on him. [tape interruption]

#### More on the Central Office

Hughes: Dr. Keene, we've talked in a peripheral way about the Central Office. I was wondering if you could say something a bit more directed towards the origin of the Central Office and what its functions were seen to be?

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\*Raymond M. Kay, M.D., Historical Review of the Southern California Permanente Medical Group: Its Role in the Development of the Kaiser Permanente Medical Care Program in Southern California (Los Angeles: Southern California Permanente Medical Group, 1979).





Retirement party for Dr. Clifford H. Keene. Kaiser Center, Oakland, California, January 9, 1975. *Left to right:* Edgar F. Kaiser, Jean Keene, Clifford Keene, Jan Vohs, Eugene Trefethen, Katie Trefethen, James Vohs.



Kaiser Companies Industrial Relations Conference. Hotel Claremont, Oakland, California, April 1956. Henry J. Kaiser comments on talk given by Dr. Clifford H. Keene. Edgar Kaiser seated at Mr. Kaiser's right.





Keene: Well, the Central Office was not a nicely thought out preconceived plan. It's just the progressive development of activities that occurred around myself. In defining the operation of the Kaiser Permanente Medical Care Program, it was evident that there had to be some kind of centralization of overall financing, of industrial relations, especially in personnel policies and of legal affairs, particularly in relationships with government agencies, federal government, state governments, and even the local governments. There had to be a central division of economics to coordinate the reports from the regions, to systematize and unify the various kinds of statistics being gathered, and to interpret them.

In order to function, I started out with two people, one being Scott Fleming as the legal department and also as secretary for the entire organization. He was the person who put into writing what we talked about. He did a superb job. The other person was Arthur Weissman, who could conceptualize everything that we were doing and use figures and statistics to measure and quantify the program.

Then we developed various financial people. The first real top financial person of course was Joaquin Felix dos Reis, better known as Joe Reis, who was the treasurer of the Kaiser Industries. He brought along a number of people, like Karl Palmaer, Irving Bolton, Howard Spaulding and Walter Palmer. Those were the financial people. All of them were good people and made me look good.

Incidentally, in that Central Office there was a person by the name of Bill Price who was the general factotum. He did everything that needed to be done in and around the office. He was a great repository of the history of the Kaiser Permanente program.

We also had a good man by the name of Ned Dodds, who is still alive. He had to do with facilities, which wasn't a very strong effort at the beginning, but developed into much greater scope later.

So, starting out with Fleming and Weissman, we added to the Central staff as the need and the perceived needs grew, especially when we began dealing with lenders. In the early 1960s, when we put together our first prospective loan approach or proposal, we had to develop a description of the organization, a concept of what we were doing. Then we had to express it in figures and statistics. The commonly accepted measurement of x per member per month was created by that staff. It gave us a handle to express and value everything we did. We could define what we were doing to businessmen and to financiers. That took a lot of work and a lot of thought, and we were occupied much of the time in just that.

Relationships with External Groups

## The Government Relations Department

Hughes: Was the government relations department a part of the Central Office?

Keene: Yes, it was under our legal department. Then as things developed in Washington, and especially with the prospect of Medicare and Medicaid, and with all the legislation that occurred in Sacramento and in Washington.

Hughes: So that was a development of the mid-sixties?

Keene: That was a development of the mid-sixties.

Because we were growing at a tremendous rate, all these functions and responsibilities grew at a tremendous rate, especially in the legal department. The legal department grew all out of proportion to everything else, but in response to a real need.

Hughes: What sort of representation does Kaiser have in Washington and in Sacramento?

Keene: Well, we have vice presidents of the Kaiser Health Plan both in Washington and in Sacramento. I don't know whether Joe Criscione, who used to be our representative in Sacramento, is still there or whether he's in Washington, but beginning in the middle sixties we've always had strong representation in those areas, and had to have them.

Hughes: With money to dole out?

Keene: No, no, no. I don't think we contributed any monies. But our purpose there was to keep ourselves informed of legislative developments, and also to inform legislative staffs of our opinion. No, since Hospitals is a nonprofit, charitable organization, it would be illegal for us to contribute money to influence legislation.

As a matter of fact, I was very conscious of that. When various politicians came to visit us, I was always in the background. I didn't want to establish firm bonds with congressional representatives or senators, just because I thought I might be approached for money, and I didn't want to be embarrassed by turning them down.

## Medicare and Medicaid

Hughes: Could you say something about the Medicare program and how Kaiser fitted into the stipulations?

Keene: Well, Medicare, Title XIX of the Social Security Act of 1965, came along, and of course there was much discussion for years beforehand as to what form the legislation was going to take.

We had always covered older people in Kaiser Permanente. We covered them at a loss. That is, the amounts of money we received for people over the age of sixty-five never covered the costs of services that people over the age of sixty-five required. When Medicare took effect, we were better off than we were before because we were paid more money than previously. There wasn't a cost shift from older people to younger people. So under Medicare we continued to cover these people and we did all right.

Under Medicaid we weren't affected very much because we weren't covering welfare people then, except we did have a program about to go into effect in Oregon by which we would cover people by contract who were needy and on welfare.\*

Hughes: I understand from talking with Dr. Saward that the Central Office was initially opposed to the OEO [Office of Economic Opportunity] program.

Keene: Well, I don't know that we were opposed to it, but we developed a healthy scepticism of doing anything for the government, long term, because you could never tell when the rules would change. Legislation which would ultimately come about seemingly had little relationship to what had been talked about for many years. There would be so many political compromises before final enactment. For instance, Part B of Medicare. When that developed in February, 1965, no one had thought much about paying doctors, but suddenly one day there it was. So I, for one, often wished that the federal government would just let us carry on our businesses as we normally did.

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\*See Saward interview, Regional Oral History Office, for a discussion of the Office of Economic Opportunity Program in the Oregon region of the Permanente system.

## A Hill-Burton Grant

Keene: The only time that we ever took any federal aid was a Hill-Burton grant to develop the rehabilitation center at Vallejo. It was a small amount of money. Someone came to us and said, "If you modify your construction plans and do certain things for the community, we can give you Hill-Burton funds." I think it was a million dollars more or less. "And if you're going to do something at Vallejo, why don't you take it?"

Of course, we talked about it. Here's somebody who had about a million dollars in their hand, wanted to give it to us. I was reluctant because we had never taken any federal money, and I was uneasy. I had a reason to be uneasy, because when we did take that money, there were so many caveats, so many strings attached, that in the end it was more costly for us to remodel and equip Vallejo in accordance with the requirements of the Hill-Burton grant than it would have been if we'd just done it alone.

Hughes: But you did take it.

Keene: Yes, we did, and that's the only time we've ever taken any federal money other than research grants. When I look back on it, I wish that we had never heard of Hill-Burton. [interviewer laughs]

## Medi-Cal

Hughes: What about Medi-Cal?

Keene: We didn't do very much with Medi-Cal, and there are good reasons. People come and go from a welfare program, they're in and out, they're transients, and that's not the way we would like to do business. We would prefer to have x families for a year or more, so that we have a specific number for a delineated period in order to plan the allocation of resources. Well, in Medi-Cal, or any welfare program, you aren't dealing with a nicely circumscribed group. The numbers and their locations fluctuate. Also, the state hesitates to make any long term commitments because of the uncertainty of funds from year to year.

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Keene: Governor Brown, the younger Brown, called us on one or two occasions and wanted to know why we wouldn't do Medi-Cal, and this was our explanation.

#### The Group Health Association of America

Hughes: Early in 1969, the Kai Perm Committee considered possible membership in the Group Health Association of America, and I understand that the executive committee of the Permanente Medical Group was not enthusiastic.

Keene: No. The Group Health Association of America was conceived by group practice organizations other than Kaiser. It was born in the East, and its total membership was less than one of our regions. So we were skeptical. It would be like the goldfish swallowing the whale, if we'd joined them. We admitted that what they wanted to do was compatible with our goals, but we were just skeptical that these people weren't as reliable as we thought we were.

However, people like Jack Smillie and Bob Erickson became involved with Group Health Association, and after a while it became apparent that it was a worthwhile organization. I must admit it took me about three or four years to be even slightly convinced that it would be a good thing for us to join.

Hughes: What was the association trying to accomplish?

Keene: Its purpose was the advancement of prepaid group practice, and to give those organizations a unified voice in Washington, in the houses of Congress. HIP, Health Insurance Plan of Greater New York, was involved, and I thought well of Jim Brindle, the president of HIP. A sticker was the fact that they allocated the costs of the association proportionate to the size of the individual organizations, so Kaiser recognized that they'd bear a large hunk of the expenses. I think we negotiated a cap on the amount, perhaps \$75,000 a year that we could contribute, which was gradually enlarged. But this was worrisome to us also.

Hughes: Did it turn out to be a profitable organization?

Keene: Yes, I think an advantageous organization.

Hughes: For Kaiser.

- Keene: Yes, for Kaiser, and, as a matter of fact, for the whole movement.
- Hughes: My understanding is that Kaiser Permanente leaders have traditionally stayed out of controversies over national health issues.
- Keene: That's right. We were a very parochial group. Up until the early 1960s, none of us went anywhere, or talked to anybody about anything. Mr. Kaiser Sr. testified before a few committees of Congress about the organization of medical care, and I went with him on a couple of occasions, and Sid had gone with him. But we weren't trying to evangelize or get involved in politics or crusades of any kind.

We really didn't belong to many organizations. The executives in the Kaiser industrial organizations belonged to social clubs: Bohemian Club or Pacific Union [Club] or whatever. I didn't belong to anything. I was content to eat lunch in the executive dining room.

I was surprised when we began to attract public notice. For instance, I was very surprised when Dean John Snyder of the Harvard School of Public Health appeared in my office one day and asked me to come back to Boston and give a series of lectures. I was surprised at being invited to medical schools to talk and lecture, because I really hadn't courted anybody. We were just going on and doing our business.

- Hughes: So what was attracting these offers was the success of the program and your leadership of it, right?
- Keene: Well, the success of the program, that's for sure, yes.

#### Significance of the Tahoe Agreement

- Hughes: Greer Williams, who wrote a short account of the Kaiser Permanente program, has said that, "the Tahoe commitment..." and I quote, "may well be regarded as one of the most significant moments in the history of medical care organization."\* Would you agree with that?

---

\*Greer Williams, Kaiser-Permanente Health Plan: Why It Works, (Oakland: The Henry J. Kaiser Foundation, 1971), 8.

- Keene: Yes. The Tahoe agreement settled a lot of things at the top level. The Tahoe agreement defined the roles of the businessmen of Kaiser and the business aspects of the Kaiser Health Plan and the Kaiser Hospitals versus the roles and responsibilities of the doctors' groups. It defined the way in which they related to each other financially, and in a beginning way administratively. On the basis of the Tahoe agreement, we were able to build the rest of the organization and prosper.
- Hughes: That was the first time in history that any such organization had been created.
- Keene: Well, it was the first time in history because that's the first time that a big, multifaceted cooperative medical-business organization had come along. No matter what organization had developed, regardless of its name, if it were trying to deliver an organized system of health care, maintaining the autonomy or the independence of doctors on one hand, and the business responsibilities and guidance of administrators on the other, the same sort of confrontation would have developed. And we did have that and we ironed it out.

#### Characterizing the Health Plan

- Hughes: I have another quote, and this is from Herman Weiner, medical director and chairman of the board of directors of the Southern California Permanente Medical Group. He said, "The crucial elements about the medical groups, their relationship to member physicians, the hospitals, and health plan cannot be charted in a table of organization. Our essential modus operandi is the interaction of a series of intangibles."\*
- Keene: Well, Herm Weiner was the leader at one time of the Southern California Permanente Medical Group, an excellent student and a top-grade physician and a scholar. I think what he's saying is that a personal trust had to be developed which I mentioned earlier this morning, a living together, as Mr. Kaiser used to put it, "a wintering and summering with people," so that you were able to adjust your thinking to their mode of thinking and you developed a mutually supportive relationship. That's what he means by the "intangibles."

---

\*Anne R. Somers (ed.), The Kaiser-Permanente Medical Care Program: A Symposium (New York: The Commonwealth Fund, 1971), 92.

- Keene: That's true. And it took us awhile. That's why I wasn't accepted right away, because I hadn't established that relationship with the doctors. I had established that relationship with the Kaisers and with other executives in the Kaiser industrial organizations, but I had not established a relationship with the doctors.
- Hughes: Can you put in a nutshell, and maybe this is an impossible question, what the advantages of a health plan are that is jointly administered by physicians and by management?
- Keene: Some health plans, health maintenance organizations now, employ doctors. The Kaiser Permanente Health Plan never had doctors employed by anything other than a physicians' organization, with one exception. There was one doctor employed by Kaiser Industries, and that was Clifford Keene. He's the only doctor that was an employee of a nonmedical organization.

Now, with the times, after World War II, right up to 1975 [when Dr. Keene retired], it was our concept that the doctors should be independent, have their own organization and be responsible solely for the administration and delivery of professional care. So the doctors in themselves took on a major responsibility. They were at financial risk, and they had the incentive to make sure that they did well, that they were prudent in the expenditure of funds, that they delivered good health care, and satisfied the members. You could do that only with independent doctors' groups. If they were employees of a health plan, as some HMOs now are, ultimate responsibility would remain with the business component.

So for our organization, the doctors are just as important, or perhaps more important, than the administration. Oh, I can't say which one is the more important, but it is a fifty-fifty proposition. Each of them had to assume responsibility, and they assumed that responsibility. If I had to do it all over again, I'd do it just that way.

#### The 1971 Symposium on the Kaiser System of Medical Care\*

- Hughes: In 1971, a symposium was held under the sponsorship of the Commonwealth Fund--

---

\*An Organization for Medical Care: A Symposium for Schools of Medicine, Kaiser Center, Oakland, California, March 17, 18, 19, 1971.



Keene: Wait a minute. [refers to files] That symposium was held under the sponsorship of the Kaiser Permanente Medical Care Program and the Commonwealth Fund and the Association of American Medical Colleges.

Hughes: All right. I stand corrected. [laughter]

What was the purpose of the symposium?

Keene: Incidentally, I look on that symposium, which was held on March 17, 18, and 19, at Kaiser Center, as the zenith of our relationships with medical schools and the medical profession at large. This is what I had in mind in some form back in 1954 when I came on the scene: We would be a respected and admired organization, at ease with other respected and admired organizations in the mainstream of medicine.

During the late 1960s, and after the impact of Medicare and Medicaid, there was a burgeoning demand for medical services. It became apparent that the organization of medical care to control costs would be more of a necessity for the economic survival of the nation than it had been before. So Kaiser began to be visited by increasing numbers of people from all parts of the country, and especially from medical schools. Medical schools created departments of economic medicine so that we were visited in 1968, '69, and '70 by between thirty and forty medical schools.

It occurred to me that maybe we ought to invite representatives of all the medical schools in the country to spend some days with us, and we would tell them what it is we did. Not to say to them, "Fellas, this is the way you gotta go," but if we explained to them what it is we did and how we did it, there'd be some understanding of how medicine could be organized.

Well, strangely enough, there was a little hesitancy on the part of the Kaiser Permanente Committee at first, but then everybody got behind it. I developed the program, assigned various responsibilities here, there, and elsewhere, got Anne Somers to come be the recorder and the historian and assigned roles to everybody, including Edgar Kaiser, Gene Trefethen, and all our top doctors and everybody else. Our thesis was, we're going to tell everybody what it is we're doing, but we've got to do a superb job. Jim Vohs took on the business of rehearsing the doctors, listening to them, making them write out and come up with coherent, well-constructed speeches.

We sent out invitations and about 90 percent of the medical schools in the United States sent representatives. We treated them well, assigned seats to them, fed them; we gave them the red carpet

Keene: treatment. We used the new auditorium there in the Kaiser Center building. The proceedings of that symposium are still used as sort of a textbook for HMOs. I look on that symposium as a tremendous success. I also look on it as my baby.

Yes, I had talked to Bob Glaser, who was at that time president of the Association of American Medical Colleges, and to [J.] Quigg Newton, another of our directors, who was president of the Commonwealth Fund, about coming in with us. While Kaiser footed most of the bill, these other two, the Association of American Medical Colleges and the Commonwealth Fund, did lend their names and their support. It was a very nice, a very good thing.

Hughes: You said last time, off tape, that you felt that the symposium lent Kaiser "an inordinate amount of self-respect," so it functioned in an internal sense as well.

Keene: It functioned to our advantage, both internally and externally.

#### Changes in the Medical Program

Hughes: Can you say something about how you see the major differences in the medical program now and as it was when you first came?

Keene: Well, I don't know whether we can compare it now with how it was when I first came because it was just a struggling medical organization in great turmoil, with many problems of administration, of financing, of internal relationships, external relationships, and the like, but that in large part has disappeared. Now it's the most respected large-scale medical enterprise in the United States.

Hughes: On the other hand, on the plus side, in the old days there was a cohesion, perhaps just because it was so small and the doctors had an idealistic drive. Do you think now, because it is so large, that some of that idealism has necessarily been diluted or even disappeared?

Keene: Well, that's certainly a possibility and in all likelihood a probability. Certainly there isn't the atmosphere and perhaps the attitude of the frontiersman. We all had the personal perception that the medical world outside was against what we were doing. We had the perception on the inside that what we were doing was a good thing, and that it would be successful. We were determined to make it successful, and we were determined to make other doctors respect us.

Keene: I don't think that evangelistic zeal is necessary now. No Kaiser person has to prove to anybody else that the Kaiser thing is workable or that it delivers good care or that it's a respectable, fine organization. So in that sense it's lost that pioneering spirit.

Sure, it's big. I don't know how many fold, but ten to fifteen times bigger than it used to be. The camaraderie of small groups doesn't persist in large groups or disparate groups. I don't know whether the people in Georgetown know anything about what's going on in Maui, Hawaii, or whether they care about it, or if the people in Westchester County know what's going on in Dallas, Texas, or in Vallejo, California. So there's that isolation of units of the big, far-spread organization, and that wasn't the way it used to be.

Hughes: I know that you and your wife go to Kaiser for your own personal medical care. Now, as a physician and a surgeon with experience in a variety of different medical circumstances, what do you think of the quality of medical care at Kaiser?

Keene: Well, I always thought that the quality of medical care we gave at Kaiser was top grade or I would have been darn unhappy. I wouldn't have stayed around. No, that's requirement number one of any medical program. No medical program, no matter how well financed, no matter how well housed, can be better than the doctors that are in it. That's just an impossibility. You cannot disguise a poor doctor.

Hughes: And you've never had doubts about that quality?

Keene: Overall, no. I have had doubts about some individuals on some occasions, perhaps, like I have doubts about any doctor on some occasions at some times. I've been ashamed occasionally at the long waits to get an appointment. I have been ashamed on occasion that our facilities weren't up to what they should have been, and spent a lifetime trying to correct that, and in large part succeeded. But insofar as the usual person with illness or disability coming for help, I felt that that person had as good a chance of achieving health with Kaiser as he or she did with any other organization in the world.

### Preventive Health Care

Hughes: What about preventive health care, which has long been a tenet of Kaiser Permanente philosophy?

Keene: Well, I don't know about that, Sally. I think all organizations give a lot of lip service to that, and I think we actually did more than most organizations did in preventive care. We of course espoused the annual physical examination. We came later to have a different viewpoint on many of those things. But in light of the knowledge which existed at the various times, we did try to do what we could in preventive medicine. I think that our educational programs--that is, the museums we've set up and the public education by the newsletters and by tape and audiovisual means--that was all to the good. I think we did more of that than any other organization that I know.

Hughes: When did things of that nature come along?

Keene: Oh, I think those things developed in the 1960s.

Hughes: Did you have a part in that?

Keene: Well, my part was being supportive for those things and encouraging them, but I never was involved in setting them up. I think Sid Garfield, after he got out of administration, was involved. Sid Garfield and Morris Collen, many of those ideas were theirs. Excellent ideas too.

#### Clifford Keene: Honors and Achievements

Hughes: Do you consider it to have been an advantage to have surgical training in the jobs you did at Kaiser?

Keene: I don't know that it was an advantage to have had surgical training, but it was an advantage to have had advanced postgraduate training in some major field of medicine. I was always proud to be certified by the American Board of Surgery, and incidentally I'm certified by the American Board of Preventive Medicine also. I had established a good reputation as a doctor which is an essential if you are a doctor dealing with doctors. A physician has to establish professional credibility first. I had that before I got into administration.

Hughes: Do you think that was in the Kaiser thinking, in having you move into that position?

Keene: Oh, I'm sure that that was a consideration. I had as many certificates to hang on the wall as anyone else my age.



Hughes: You have been associated with several universities. My understanding is that you're on or have been on visiting committees at Stanford and at the University of Michigan Medical Center, Harvard School of Public Health, the Charles R. Drew Postgraduate Medical School--

Keene: And the Harvard School of Medicine and the Harvard School of Dentistry. Then, I served also on committees at Harvard having to do with the business school and the school of economics.

Hughes: Yes, and the same at Stanford as well.

Keene: Yes, I think so.

Hughes: And you also are a trustee of the Amman Civil Hospital in Jordan.

Keene: I was.

Hughes: How did those things come about?

Keene: Recall that I said that in trying to make yourself respectable professionally you have to be active and visible in professional organizations. There are no better professional organizations to be visible in than in medical schools and colleges, because that's the cutting edge of knowledge in American medicine.

As I mentioned before the first thing was being invited to give the lectures at the Harvard School of Public Health. I think I acquitted myself well at Harvard and all the other things came along very quickly. I liked doing those things. Edgar Kaiser and Gene Trefethen thought it was and, as a matter of fact, all the doctors thought it was good. No one ever came up and threw their arms around me and said, "This is just great, Cliff," but then no one ever criticized me for being involved with professional schools.

Then I began to publish papers and give all sorts of talks. It was an environment in which I was comfortable, and to which I thought I could contribute. I did have a different viewpoint, and I did talk about a successful organization. So while there may have been some aggrandizement of me personally in so doing, I think there was a greater benefit to the organization, to Kaiser Permanente, than there was to me, because my name you might forget, but the fact that the president of the Kaiser organization had talked and this is what he said, that was different.

Hughes: You've received several honors. Would you comment on the reasons behind them? I'm thinking of the honorary doctor of science degree from Hahnemann Medical College, which you got in 1973, and an

Hughes: honorary doctor of laws from Golden Gate University, and that was in 1974, the Distinguished Service Award from the Group Health Association of America in 1974, and the Distinguished Alumnus Award from the University of Michigan Medical Center in 1976.

##

Keene: All of those nice things happened because of my career with Kaiser and Kaiser Permanente. None would have occurred if I'd continued on in the practice of surgery or just purely in industrial medicine, be it with Kaiser or United States Steel or in private practice. But the fact that I was involved in a social phenomenon in a controversial field in which the whole nation was interested, and that I was the head of a very successful social organization, brought me to the attention of a lot of people.

I was always good at public speaking, but I became expert because I had something to say. I would be asked to talk and be involved in symposiums and give lectures. I had more invitations than I could accept. I had to earn my keep. Mr. Kaiser was paying me to run an organization. So the honors were just a result of the things I was involved in.

Hughes: Did the invitations largely come in the seventies?

Keene: Beginning about 1964 and '65. Then, of course, in those next ten years I had many of them, and they still go on, as a matter of fact. I'm going to get another award in June.

Hughes: From your alma mater.

Keene: Yes. Which flatters me, pleases me, and many times perplexes me. I look up at that young iron worker in the picture on that wall and wonder how he became the different individual pictured on this other wall, wearing academic robes and giving a commencement address. I'm sure that every person who gets a top honor has a fleeting moment of doubt when he suspects that someone has made a mistake.

Hughes: Why don't you say for the record what exactly that award will be.

Keene: Well, in 1976 I was given a distinguished alumnus award by the University of Michigan Medical Center. Recently I was invited to return to Ann Arbor again this June. If I show up, they say that I will be given a distinguished alumnus award on behalf of the alumni association of the entire university. I intend to be there.

Hughes: Good for you! [laughter]

Hughes: Well, the \$64,000 question, what do you consider to be your greatest accomplishment?

Keene: As a preamble to answering that question, I'm fully aware of the fact that in a big organization it's very difficult to nicely designate whatever successes have been achieved as the responsibility of one individual. In a big organization most achievements are the result of a team effort. However, with my background and with my attributes, be they as they may, I do believe that I was instrumental, first, in defining the goals of the various medical efforts in each of the Kaiser organizations. That is, separating out the industrial medical programs on one hand from the Kaiser Permanente prepaid medical care program on the other, and establishing them as separate enterprises and separate concepts.

In the various Kaiser industrial organizations I defined the programs for industrial medicine and industrial hygiene and got them underway by hiring doctors, planning facilities, and supervising the early efforts.

At the same time this divorced the Kaiser Permanente Medical Program from the Kaiser Industries and established it truly as a separate entity with a chance to achieve self respect and independent stability.

Secondly, this in turn established a perception on the part of the general public, the lenders and the medical profession, that Kaiser Permanente was a separate community effort not related, except in name and perhaps in origin, to Kaiser Industries.

Thirdly, I developed the regional organization with a Central Office, in which the Central Office provides overall direction in policy matters, financial matters, industrial relation matters, medical statistics, government relations, economics, and has a unified voice to speak for the program.

I projected a credibility of the total organization in the eyes of our lenders, and was a major factor, I think, in achieving the first outside financing, other than the Bank of America, of the Kaiser Permanente Medical Program.

I was the exponent, or the most vociferous exponent, of geographic expansion, even against the disapproval of the Kaisers and even when it was not looked upon very enthusiastically by the doctors' groups. I devised a means for financing that expansion, and an administrative way to establish that expansion.

Keene: I created the Kaiser Foundation Research Institute and I established Kaiser Foundation International. I was instrumental in fostering and sponsoring various kinds of professional activities, such as symposiums and lectures, in increasing our participation in the education of nurses and paramedical personnel from many community schools and colleges. I regretted the extraneous circumstances which caused us to close our own nursing school. Our involvement, through contracts with Kaiser Engineers, with medical projects in foreign countries was good.

As a measurement of our progress from professional outcasts to honored professional colleagues you can look to the fact that when the Institute of Medicine of the National Academy of Science was created in 1971 four of us, Ernest W. Seward, Morris F. Collen, Merwyn R. Greenlick, and myself were among the first one hundred members to be selected. Kaiser Permanente is respectable!

One other point, the expansion of the boards of directors to include outside directors was in large part due to my own efforts.

Well, all I can say is that I was the top man of what became the most successful and largest organization of its kind in the world. If I wasn't involved in some of its successes, I was there when they happened.

Hughes: Well, that's the end of my questioning, Dr. Keene. Is there anything you would like to add?

Keene: Yes, there is. I would like to express my appreciation to you Dr. Sally Smith Hughes for your meticulous beforehand preparation for these interviews and the ease with which you conducted them. The role of blowing my own horn hasn't been comfortable and I apologize to any reader of the future who is offended. Also I regret that I couldn't salute each of the great numbers of people whose collective efforts made Kaiser Permanente possible. It was a great show!

Transcriber: Joyce Minick  
Final Typist: Keiko Sugimoto



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## APPENDIX

## INTER-OFFICE MEMORANDUM

TO Dr. C. H. Keene  
AT

DATE October 9, 1964  
(Dictated 10/7)

FROM Edgar F. Kaiser

COPIES TO Mr. Henry J. Kaiser  
Mr. E. E. Trefethen, Jr.  
Mr. Martin Drobac, Jr.

AT

---

SUBJECT

This will confirm my understanding of our discussion yesterday regarding long-range planning for expansion of the Health Plan.

Both Gene and I recommend against any time or effort being put in on Eastern areas. We do not believe it is necessary to inaugurate a health plan in the Middle West or the East for the purpose of demonstrating that the Plan will work in an area other than the four areas in which we are currently operating.

We are both very much opposed to consideration of establishing a unit in the Washington, D. C., area for the reasons discussed.

We feel that consideration of areas like New Orleans, where we have large employment in our own operations and the potential in the areas is sufficient to warrant study, are the types of new areas we should be considering. There is a reason for going into such an area, based on the merit of supporting families of our own people and securing sufficient membership to do a creditable job. This, of course, presumes that laws and attitudes in such areas as New Orleans are, after review, such that we believe there is a good chance of conducting a successful operation.

I am personally deeply concerned with any further investigations in areas in the East or Middle West where we do not now contemplate expansion because such investigations will only lead to speculation in such areas and create pressures for us to undertake operations in those areas. Since we have decided not to do this, we shouldn't waste time and money on them. We further agreed that this would well be the subject of further discussion at our next Board meeting to determine whether or not the Trustees concur with our position. I might add also that in my judgment--and I believe Gene concurs there are plenty of places where we have operations, like New Orleans, plus the normal growth in the West, to use all the funds we can generate for this purpose.

Edgar F. Kaiser

EFK:m  
(Dictated but not read)

REC'D

CC 12



**KAISER**  
HAWAII-KAI

## INTER-OFFICE MEMORANDUM

TO: Edgar Kaiser  
FROM: Henry J. Kaiser  
COPIES TO: E. E. Trefethen, Jr.

DATE: Oct. 12, 1964

FROM: Henry J. Kaiser

SUBJECT: Proposed Health Plan Unit in Washington, D. C.

RECEIVED

OCT 15 1964

EDGAR F. KAISER  
OAKLAND

I agree with your October 9 memo to myself and Dr. Keene regarding policies as to areas of expansion of Kaiser Foundation Hospitals.

*Copy to Keene*  
*[Signature]*

RECEIVED

OCT 2 1964

C. H. KEENE, M.D.

THE UNIVERSITY OF ROCHESTER  
SCHOOL OF MEDICINE AND DENTISTRY  
260 CRITTENDEN BOULEVARD  
ROCHESTER, NEW YORK 14642

December 20, 1974

Dr. Clifford Keene  
Whitman Lane  
Box 961  
Pebble Beach, California 93953

Dear Cliff:

Yesterday Jim Vohs invited Ginny and me to attend your jubilation January ninth. Unfortunately, try as I will, I can't honorably get out of a previous commitment to speak that day. I feel very sad about this for we have had long and, at least to me, wonderfully intertwined careers.

Reflecting on this occasion one must really ask "of what does leadership consist"? It classically seemed simple. Kings and Princes were what they were by "divine right". Even as recently as early in this century, President Elliott of Harvard said "leadership is the ability to inflict pain without revolt". Perhaps this is the gist of Gerald Ford's reference to "bite the bullet".

But the situation you came into in 1953 with multiple, autonomous satrapies was more like a league in that no centralization of authority existed, nor was any contemplated by the multiple, autonomous chiefs. What we have today is a testimony to leadership, your leadership. You were given clear responsibility for all of us but with hazy authority. You personalized the responsibility -- and at the highest standards of integrity and loyalty to both those above and below in the hierarchy. This is easily discerned in specifics - fiscal, medical, and personal.

Some looked at this high standard as rigidity and control, because it was personalized, but this set a tone of leadership without which the program could not have survived in its period of rapid growth and development.

Perhaps, as a minor example, you remember a day more than a decade ago that you and I and Sammy Bosch sat on a park bench in Buenos Aires. I kept telling him to go ahead and commit his plan, and while you said little, you blanched with the concern for our responsibility! It typifies the integrity that has made the program what it is. Surely, we have experienced the "natural law" of "whatever can go wrong does go wrong", but the integrity of your leadership has prevented the occurrence of a host of things that have been seen too frequently in contemporary society.

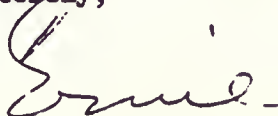
A program like ours doesn't just happen no matter how great and how timely the concept. It reflects the characteristics you have so well

Dr. Clifford Keene  
Page 2  
December 20, 1974

shown and the result has moved the nation forward. The present societal expectations in health would not be what they are had our program not succeeded.

May I say how deeply I personally feel indebted for your leadership and friendship. And congratulations on reaching this day.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ernest W. Seward", with a stylized flourish at the end.

Ernest W. Seward, M.D.  
Professor of Social Medicine & Medicine  
Associate Dean for Extramural Affairs

EWS:hr

cc: Mr. James Vohs

# Achievements of C. H. Keene in the Kaiser-Permanente Medical Care Program

- I Gradual display and acceptance of Leadership in period of organizational turmoil. This resulted in
  - A. Internal cohesiveness of the separate and independent organizations in the program.
  - B. External credibility and stability in the eyes of financial institutions and other medical organizations
  - C. Divorced the <sup>Kaiser-Permanente</sup> Medical Organization from Kaiser Industrial Organization.
- II Conceived and implemented the present organizational pattern with a small but strong central office and self reliant regional physician administrator management.
- III Conceived and implemented an pan-organizational senate which began as Physician - Administrator Forums and became the Kaiser-Permanente Committee. This committee constitutes an effective means of coordinating the efforts of separate but interdependent professional and business organizations.



IV Conceived and instituted financial means and organizational methods to expand to regions other than California, Oregon and Hawaii. Persuaded the reluctant Henry Kaiser and Edgar Kaiser to permit this.

V Established new regions in Hawaii, Ohio and Colorado.

VI Advocated and achieved opening up the Boards of Directors to outside Directors

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(with Reed M. Nesbit)

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Medical Annals of the District of Columbia  
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University of Michigan Medical Center Report  
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July 1984 - Salinas, California  
Special Supplement

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Times Ago: Luck - Justice - Caprice  
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A Book Review  
The Pharos of Alpha Omega Alpha  
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Times Ago - Times Three  
The Pharos of Alpha Omega Alpha  
1981; 44:3 16-19

Conversations in Medicine  
A Book Review  
The Pharos of Alpha Omega Alpha  
1984; 47:4 43



Selected  
Addresses and Presentations  
Sheet 1

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CLIFFORD H. KEENE, M.D.  
WHITMAN LANE BOX 961  
PEBBLE BEACH, CALIFORNIA 93953  
(408 - 824-1819)

Medical - Personal Relations in Industry  
University of Michigan - School of Public Health  
May 17, 18 and 19, 1951 - Ann Arbor  
Inservice Training Course  
Published by University of Michigan Press  
October 15, 1951

The Kaiser Foundation Medical Care Program  
Presented to Wayne County Medical Society  
Detroit, Michigan  
May 5, 1969

Kaiser Permanente Medical Care System  
Oddity or Future Pattern  
Presented to Alumni Seminar for 1969  
Massachusetts Institute of Technology  
Cambridge, Massachusetts  
September 6, 1969

Industry and The Economics of Health  
in Developing Countries  
Presented to Industrial Council for Tropical Health  
Harvard School of Public Health  
Boston, Massachusetts  
October 30, 1969

Controlling Costs of Medical Care  
Presented to American Iron and Steel Institute  
Industrial Relations Committee  
Biltmore Hotel New York City  
November 25, 1969

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Sheet 2

154

CLIFFORD H. KEENE, M.D.  
WHITMAN LANE BOX 961  
PEBBLE BEACH, CALIFORNIA 93863  
(408 - 824-1819)

Bench Marks for National Health Insurance  
Presented to Group Health Association of America  
Annual Meeting Honolulu, Hawaii  
May 25, 1970

Responsibilities in a System of Health Care  
Presented to Student Assembly  
University of Michigan Medical School  
Ann Arbor, Michigan  
October 13, 1970

Business and Medicine  
Presented to Newcomen Society  
Medical College of Pennsylvania  
Philadelphia, Pennsylvania  
January 7, 1971

An Organization for Medical Care  
Presented to a Symposium for  
Schools of Medicine  
Oakland, California  
March 17, 18, 19, 1971

A Perspective of the Business Career  
Commencement Address  
Schools of Business and Public Administration  
Golden Gate University  
San Francisco, California  
June 1, 1974

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Addresses and Presentations  
Sheet 3

155

CLIFFORD H. KEENE, M.D.  
WHITMAN LANE BOX 961  
PEBBLE BEACH, CALIFORNIA 93053  
(408 - 624-1819)

Viewpoints on National Health Insurance  
Presented to Group Health Association of America  
Annual Institute  
Cleveland, Ohio  
June 11, 1974

The Best of Life  
Presented to Wolfman Surgical Society  
of University of California at Davis  
San Francisco, California  
October 12, 1981

Medicine: The Embattled Profession  
Commencement Address  
The Medical School of University of California-Davis  
Davis, California  
June 4, 1982

CLIFFORD H. KEENE, M. D.

President  
Kaiser Foundation Hospitals  
Kaiser Foundation Health Plan  
Kaiser Foundation International

Clifford H. Keene was born in Buffalo, New York on January 28, 1910. He received an AB from the University of Michigan in <sup>1931</sup>1931 followed by an MD in 1934 and an MS (Surgery) in 1937 from the same institution. He is a member of Alpha Omega Alpha and the Collier Society.

During World War II, Dr. Keene served for four years and was Chief Surgeon at Lovell General Hospital in Fort Devens, Massachusetts, and later Surgeon for the 24th Corps in the Pacific Theater.

Dr. Keene joined the Kaiser organizations in 1946 as a surgeon at Oakland and shortly became Medical Director for Kaiser-Frazer Corporation at Willow Run, Michigan. In 1954 he returned to Northern California as Regional Manager of Kaiser Foundation Hospitals and Health Plan and in 1955 became Medical Program Coordinator for Kaiser Industries Corporation with administrative responsibility.

In 1960, he was named a Director, Vice President and General Manager of Kaiser Foundation Hospitals, Inc. and Kaiser Foundation Health Plan and was elected a Vice President of Kaiser Industries Corporation and The Kaiser Foundation. He serves with various titles as administrator for Kaiser Foundation International, Kaiser Foundation Health Plan of Oregon, the Kaiser Foundation School of Nursing and Kaiser Foundation Research Institute. He was elected President of Hospitals and Health Plan in 1968.

Dr. Keene is on the Visiting Committees of the Stanford University School of Medicine, the Harvard School of Public Health, the Charles R. Drew Postgraduate Medical School and on advisory committees to the Harvard



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Business School and to the Stanford Business School. He is also a Trustee of the Amman Civil Hospital in Amman, Jordan.

He is certified by the American Board of Surgery and the American Board of Preventive Medicine (Occupational Medicine). He is a Fellow of the American College of Surgeons and a member of the American Medical Association, the California State Medical Society and the California Academy of Medicine. He was included in the initial membership of the Institute of Medicine of the National Academy of Sciences. He has been honored by a Doctor of Science Degree from The Hahnemann Medical College. He is a lecturer at the University of California and author of numerous papers.

Business Address:	300 Lakeside Drive Oakland, Calif. 94604	Tel. (415) 271-2656
Home Address:	Whitman Lane, P.O.Box 939 Pebble Beach, Calif. 93953	Tel. (408) 624-1819

March 10, 1982

CLIFFORD H. KEENE, M.D.

President and Chief Executive Officer, Retired  
Kaiser Foundation Hospitals and Health Plan  
Whitman Lane, Box 961  
Pebble Beach, California 93953

As Administrator of the nation's largest private health care system, Dr. Keene substantially influenced current concepts regarding organization of health services. This, in turn, contributed to the formulation of public policies regarding the framework for the delivery of health services in the United States.

He joined the Kaiser organizations in 1946 as a surgeon at Oakland, California and shortly became Medical Director for Kaiser-Frazer Corporation at Willow Run, Michigan. In 1954 he became Regional Manager of Kaiser Foundation Hospitals and Health Plan in Northern California and in 1955 Medical Program Coordinator for Kaiser Industries Corporation. In 1960 he was named a Director, Vice President and General Manager of Kaiser Foundation Hospitals, Inc. and Kaiser Foundation Health Plan and was elected a Vice President of Kaiser Industries Corporation and The Kaiser Foundation. In 1968 he was elected President of the various Kaiser Foundation Medical Care Entities including the Hospitals, the Health Plans of Oregon and Colorado, the School of Nursing, the Research Institute and the International Foundation. He retired from active administration in 1975 but retains a close relationship with the various Kaiser organizations.

Dr. Keene was a lecturer at various Universities including California, Harvard, Michigan and Indiana. He is active in teaching with the Veterans Administration. He is on the Visiting Committee to the Harvard Schools of Medicine and Dentistry. He has served on Visiting Committees to the Stanford School of Medicine, the Harvard School of Public Health, the Charles R. Drew Postgraduate Medical School and the University of Michigan Medical Center. He has served on the Advisory Councils for the Harvard School of Business as well as the Stanford Business School. He was a panel member of the National Manpower Commission. He is certified by the American Board of Surgery and the American Board of Preventive Medicine (Occupational Medicine). He is a Fellow of the American College of Surgeons and a member of the American Medical Association, the California State Medical Society and the California Academy of Medicine. He was among the initial 110 members named in 1971 to the newly-formed Institute of Medicine, National Academy of Sciences. He is a member of the Alpha Omega Alpha Honor Medical Society. In 1973 he received an honorary Doctor of Science degree from the Hahneman Medical College and in June 1974 he received an honorary Doctor of Laws degree from Golden Gate University, San Francisco. He received a Distinguished Service Award from the Group Health Association of America in 1974 and the Distinguished Alumnus Award from the University of Michigan Medical Center in 1976.

A native of Buffalo, New York, Dr. Keene received an A.B. from the University of Michigan in 1931, an M.D. in 1934 and an M.S. in surgery from the University of Michigan Medical School where he was an instructor in surgery from 1934-39 and from 1946-53.

During World War II, Dr. Keene was Chief Surgeon at Lovell General Hospital, Fort Devens, Massachusetts, and later Surgeon and Medical Administrator for the 24th Corps in the Pacific Theater. He was discharged with the rank of Lieutenant Colonel.

He married Mildred Jean Kramer in 1934. They live in Pebble Beach and are the parents of three daughters, and have seven grandchildren.

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#

#

CLIFFORD H. KEENE, M.D.

WHITMAN LANE BOX 961

PEBBLE BEACH, CALIFORNIA 93953-0961

(408) 624-1819

Addendum to Biography 2-27-1985

Trustee, Community Hospital of Monterey Peninsula 1983 → continuing

Trustee, (Present Chairman) Naval Postgraduate School Foundation - Monterey, Ca 1983- continuing

**KAISER  
FOUNDATION**  
HEALTH PLAN, INC.

ONE KAISER PLAZA  
OAKLAND, CALIFORNIA 94612. PHONE 271-2656

JAMES A. VOHS  
CHAIRMAN AND PRESIDENT

January 8, 1985

Dear Cliff:

I know that Scott Fleming has been in touch with you about archival materials in your files that would be of interest to The Bancroft Library. I am writing now to invite your participation in a related project of considerable importance to our Program, and of special interest to me.

We have commissioned The Bancroft Library's oral historians to interview some of Kaiser Permanente's pioneers and document their recollections of our Program's developmental years. This project is being overseen by an internal steering committee who have selected suggested candidates to be interviewed, and who will be advising the oral historians on subjects of particular interest.

You are among the first candidates we hope will agree to be interviewed. Others include Ernie Seward, Ray Kay, Gene Trefethen, Avram Yedidia, and George Link.

The products of these interviews will be transcripts in question-and-answer format. These transcripts will be available at The Bancroft Library to scholars and historians, and will be resource material for a possible future written history of our Program. Each interviewee will be asked to review and approve edited drafts of the transcripts before they are finalized.

The team of oral historians will be ready to commence scheduling interviews next month. They would plan on scheduling a series of interviews with you after reviewing with you a list of suggested topics for your consideration. Each interview would be scheduled at your convenience.

-More-

1-14-85. D. W. V. W.

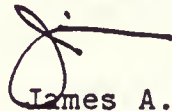


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Please let me know that you will help assure the success of this project with your participation as an interviewee. With your permission, I will inform The Bancroft Library's project team that it is appropriate for them to contact you.

Best wishes for the New Year.

Sincerely,

A handwritten signature in dark ink, appearing to be 'James A. Vohs', with a stylized loop and a horizontal stroke extending to the right.

James A. Vohs

Clifford H. Keene, M.D.  
Whitman Place  
P. O. Box 961  
Pebble Beach, CA 93953



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Sally Smith Hughes

Graduated from the University of California, Berkeley, in 1963 with an A.B. degree in zoology, and from the University of California, San Francisco, in 1966 with an M.A. degree in anatomy. After completing a dissertation on the history of the concept of the virus, she received a Ph.D. degree in the history of medicine from the Royal Postgraduate Medical School, University of London, in 1972.

Postgraduate Research Histologist, the Cardiovascular Research Institute, University of California, San Francisco, 1966-1969; medical historian conducting the NEH-supported History of Medical Physics Project for the History of Science and Technology Program, The Bancroft Library, 1978-1980.

Presently a Research Associate in the Department of History and Philosophy of Health Sciences, University of California, San Francisco, and an interviewer on medical and scientific topics for the Regional Oral History Office. The author of The Virus: A History of the Concept, she is currently writing a book on the early history of nuclear medicine.

























